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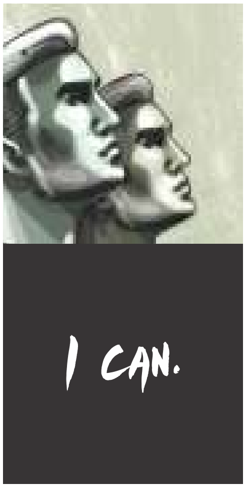

AMBUJA CEMENTS LIMITED

ANNUAL REPORT 2012

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OUR VISION

To be the most sustainable
and competitive
company in our industry

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OUR MISSION - CREATE VALUE FOR ALL

Delighted customers
Inspired employees
Enlightened partners
Energised society
Loyal shareholders
Healthy environment

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CONTENT

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GIVE A MAN ORDERS
AND HE WILL DO THE TASK
REASONABLY WELL.
BUT LET HIM SET HIS
OWN TARGETS,
GIVE HIM FREEDOM
AND AUTHORITY
AND HIS TASK BECOMES
A PERSONAL MISSION:
'I CAN'.

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CORPORATE INFORMATION

CHAIRMAN EMERITUS

Mr. Suresh Neotia

BOARD OF DIRECTORS

Mr. N. S. Sekhsaria - Chairman
Mr. Paul Hugentobler - Vice Chairman
Mr. M. L. Bhakta
Mr. Nasser Munjee
Mr. Rajendra P. Chitale
Mr. Shailesh Haribhakti
Dr. Omkar Goswami
Mr. Naresh Chandra
Mr. Bernard Fontana *(w.e.f. 10th February, 2012)*
Mr. Haigreve Khaitan *(w.e.f. 27th July, 2012)*
Mr. B. L. Taparia *(w.e.f. 1st September, 2012)*
Mr. Onne van der Weijde - Managing Director

CHIEF EXECUTIVE OFFICER

Mr. Ajay Kapur *(w.e.f. 1st May, 2012)*

CHIEF FINANCIAL OFFICER

Mr. Sanjeev Churiwala

COMPANY SECRETARY

Mr. Rajiv Gandhi *(w.e.f. 1st August, 2012)*

BUSINESS HEADS

Mr. J. C. Toshniwal *(North)*
Mr. Vilas Deshmukh *(West & South)*
Mr. Vivek Agnihotri *(East)*

AUDITORS

M/s. S. R. Batliboi & Co. *(Statutory Auditors)*
P. M. Nanabhoy & Co. *(Cost Auditors)*

CORPORATE OFFICE

Elegant Business Park
MIDC Cross Road 'B'
Off Andheri-Kurla Road
Andheri (E), Mumbai 400 059

REGISTERED OFFICE

P. O. Ambujanagar, Tal. Kodinar
Dist. Junagadh, Gujarat 362 715

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CHAIRMAN'S LETTER

Dear Shareholders,

Last year was a difficult year for the nation. India's economic growth rate continued its downward journey to a nine-year low of 6.5% for 2011-12. This was caused by many factors including the global crisis, high inflation and interest rates, and a slowdown in investment and industrial growth.

For the cement industry, the year started out positively with robust demand from housing and infrastructure sectors. However, demand in the second half of 2012 slowed down due to the shortage of construction materials and labour, and an extended monsoon which brought flooding and drought to many parts of the country.

The Indian cement industry, which is highly fragmented and competitive was subjected to the Competition Commission of India's order that imposed a penalty of over Rs.6,300 crores on some cement manufacturers, including us. The Company has taken legal steps to challenge the order and is confident of a positive outcome in the matter.

It is challenging and difficult times that bring out the best in our people. Last year was no exception. As a result, the Company performed well with production and sales growing by 3% and 4% respectively in volume. Net Sales and Profits were also higher by 14% and 6% at Rs.9,675 crores and Rs.1,297 crores respectively.

Our people focused their attention on cutting costs, reducing fuel consumption and improving efficiency and productivity. Every little cost was analysed. No detail was too small to be ignored. The result? While input material costs, including fuel prices, have increased by 12-15% (CAGR 2009-12), the Company's costs were restricted to an increase of only 7% (CAGR over from 2009-12).

Ambuja has been a pioneer in marketing and brand building in the cement industry. To maintain an unrelenting focus on the consumer, we launched the MaCX (Marketing and Commercial Excellence) program. It will help us further our brand dominance and commercial edge in the market place.

We've always believed our passionate and committed workforce is our competitive advantage. That is why we continually invest in our people. Last year we launched an HR initiative - STEP (Sustainable Talent Enhanced Performance) for leadership development and strengthening our People Power program. Our HR systems and processes are now aimed not only at making us an employer of choice, but a sustainable employer as well.

Last year we amended our vision statement to be the industry's 'most sustainable and competitive company'. This puts into sharp focus what is core to Ambuja, and will be the basis of our growth in the future.

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I am particularly pleased with the efforts our people have put in to improve the quality of life in neighbouring communities.

The Ambuja Cement Foundation (ACF) has achieved much in water resource management in Rajasthan. Its initiatives to revive traditional water harvesting have created a long-term impact for communities across Rajasthan. While our Rabriyawas plant bagged one of the most respected national awards for excellence in water management.

Our efforts in sustainability have been recognised with many awards, the most recent of which was the 'CII Sustainability Award 2012', awarded to us by the Honorable President of India himself.

The coming year will be as challenging for the Company as last year was. But with our people's efforts to further strengthen logistics, sales and distribution, and commercial services, we are confident that the Company should do even better in 2013.

Our people have proved time and again that their 'I can' spirit has the power to turn adversity into opportunity. I am confident that they will continue to rise to overcome every challenge that the year brings.

With warm regards,

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N. S. Sekhsaria

N. S. Sekhsaria

7th February, 2013

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FINANCIAL HIGHLIGHTS OF 5 YEARS

Amount in ₹ crores

	2012	2011	2010	2009	2008
INCOME STATEMENT					
Net Sales	9,675	8,504	7,390	7,077	6,220
Operating EBITDA	2,473	1,977	1,951	1,971	1,804
Profit Before Tax	1,902	1,703	1,662	1,803	1,970
Profit After Tax	1,297	1,229	1,264	1,218	1,402
BALANCE SHEET					
Net Worth	8,805	8,069	7,330	6,468	5,669
Borrowings	35	43	65	166	289
Capital Employed	9,414	8,778	7,926	7,120	6,338
Fixed Assets - Gross Block	10,184	9,702	8,779	6,224	5,707
Fixed Assets - Net Block	5,862	6,186	5,628	3,440	3,193
Current Assets	5,275	4,264	3,135	1,979	2,339
Current Liabilities	3,011	2,764	2,394	1,741	1,474
CASH FLOW STATEMENT					
Net Cash Generated from Operations	1,858	1,533	1,876	2,126	968
Cash and Cash Equivalents	3,860	2,899	2,289	1,415	949
SIGNIFICANT RATIOS					
Operating EBITDA / Net Sales	26%	23%	26%	28%	29%
Return on Capital Employed (EBIT/ Avg.CE)	22%	21%	23%	27%	34%
Debt Equity Ratio (Debt/ (Debt+NW))	0.00	0.01	0.01	0.03	0.05
Price Earning Ratio#	23.83	19.37	17.28	12.96	7.57
Book Value Per Share (₹)	57.24	52.67	48.01	42.47	37.23
Basic Earning Per Share (₹)	8.43	8.02	8.28	8.00	9.21
Dividend Per Share (₹)	3.60	3.20	2.60	2.40	2.20
Dividend Payout Ratio	50%	46%	37%	35%	28%
Current Ratio	1.75	1.54	1.31	1.14	1.59
OPERATIONS					
Cement Capacity - Million Tonnes	27.95	27.35	25.00	22.00	22.00
Cement Production - Million Tonnes	21.62	20.97	20.13	18.83	17.76

Market Price as per BSE on last day of year.
Figures for year 2012 and 2011 are based on Revised Schedule VI.

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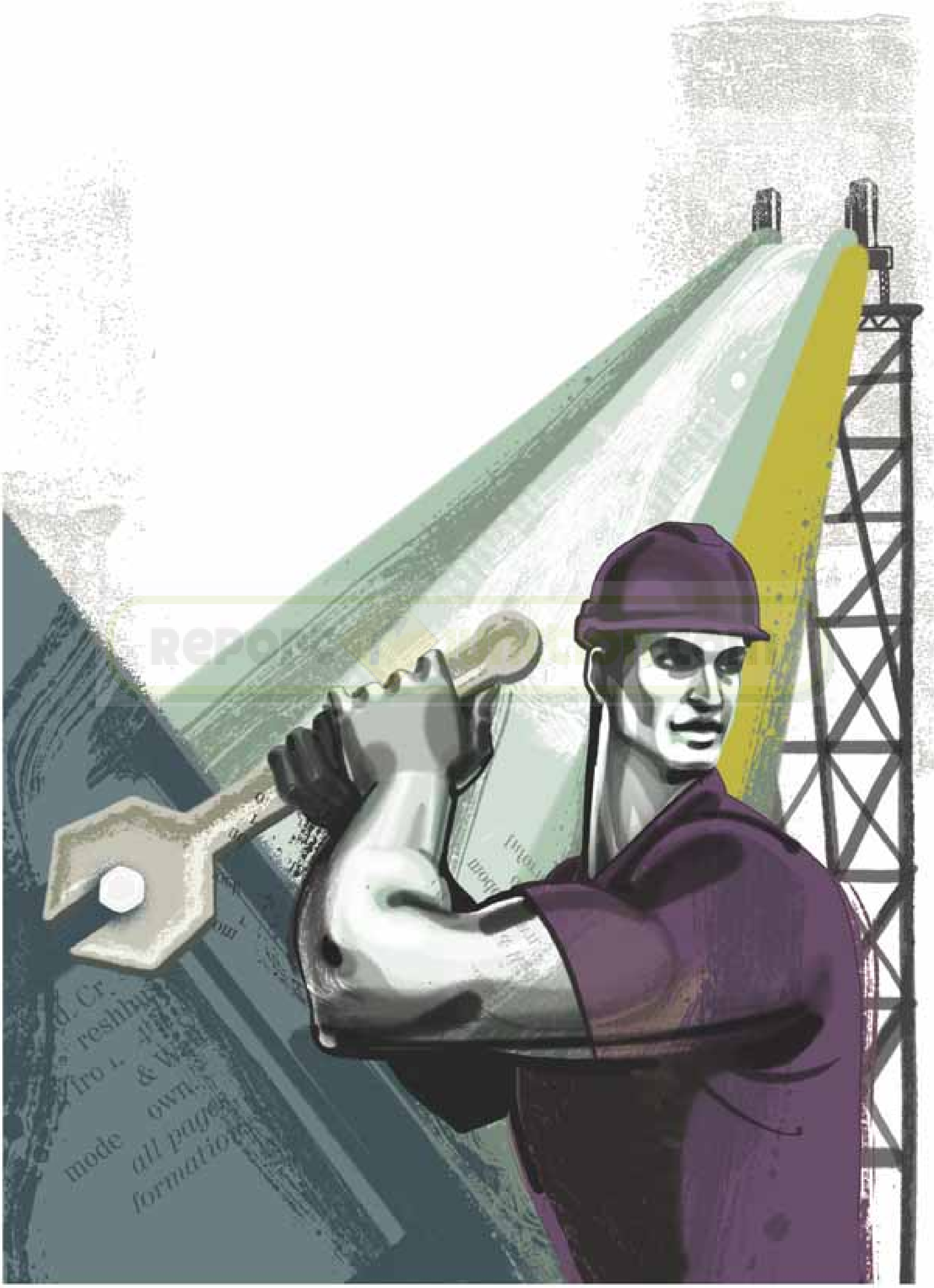

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In India, and around the world, it is acceptable for a cement plant to shut down on an average, every 300 hours for unscheduled repairs. Complex machines, no matter how well maintained, do fail after all.

But for the engineers at the Ambujanagar plant, this was an unacceptable statistic. They took it upon themselves to go look beyond the benchmarks and create new ones. This would require devising a whole new approach to plant maintenance.

Our engineers started with a study to determine what had caused plant stoppages in the past. An analysis revealed 10 major causes ranging from mechanical breakdowns to instrument failure. Instead of waiting for a breakdown, they devised a plan to tackle each one of these causes pro-actively.

The result was astounding: unplanned stoppages reduced from 16 in 2011, to 6 in 2012. The plant operated an average of 1437 hours between failures – over 4 times longer than the accepted benchmark.

Our people have proved once again that the pursuit of excellence and an 'I can' spirit can overcome any limitation.

THE ENGINEERS AT OUR AMBUJANAGAR PLANT MADE AN IMPORTANT DISCOVERY:

MACHINES HAVE LIMITATIONS. PEOPLE DON'T.

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The farmers of Chandrapur, Maharashtra cultivated cotton as their main crop. Over time, the cost of production increased, but their yield remained low. They bought more fertilisers and pesticides in the hope of a better harvest. In spite of their efforts, nothing changed.

The Ambuja Cement Foundation started the Better Cotton Initiative to implement scientific and sustainable methods to increase cotton productivity. The soil was tested and various crop-friendly methods of farming were tried. We also assessed use of neem pellets and certain insects that support the growth of cotton.

Some enterprising farmers in Chandrapur accepted our farming techniques. However, there was a bigger hurdle ahead of us. Many farmers were unwilling to change methods they had followed for generations.

We began a program to educate farmers about our new techniques. Farmers who benefitted from the program became advocates for the new techniques. And as the word spread, so did prosperity.

From its humble beginnings in Maharashtra, the Better Cotton Initiative has spread to Gujarat, Punjab and Andhra Pradesh, benefitting over 7000 farmers. The yield per hectare has increased by over 50%. It's just another example of how the 'I can' spirit has changed the ideas and fortunes of people across the country.

HOW DID WE HELP COTTON FARMERS IMPROVE THEIR HARVEST?

WE SOWED AN IDEA.

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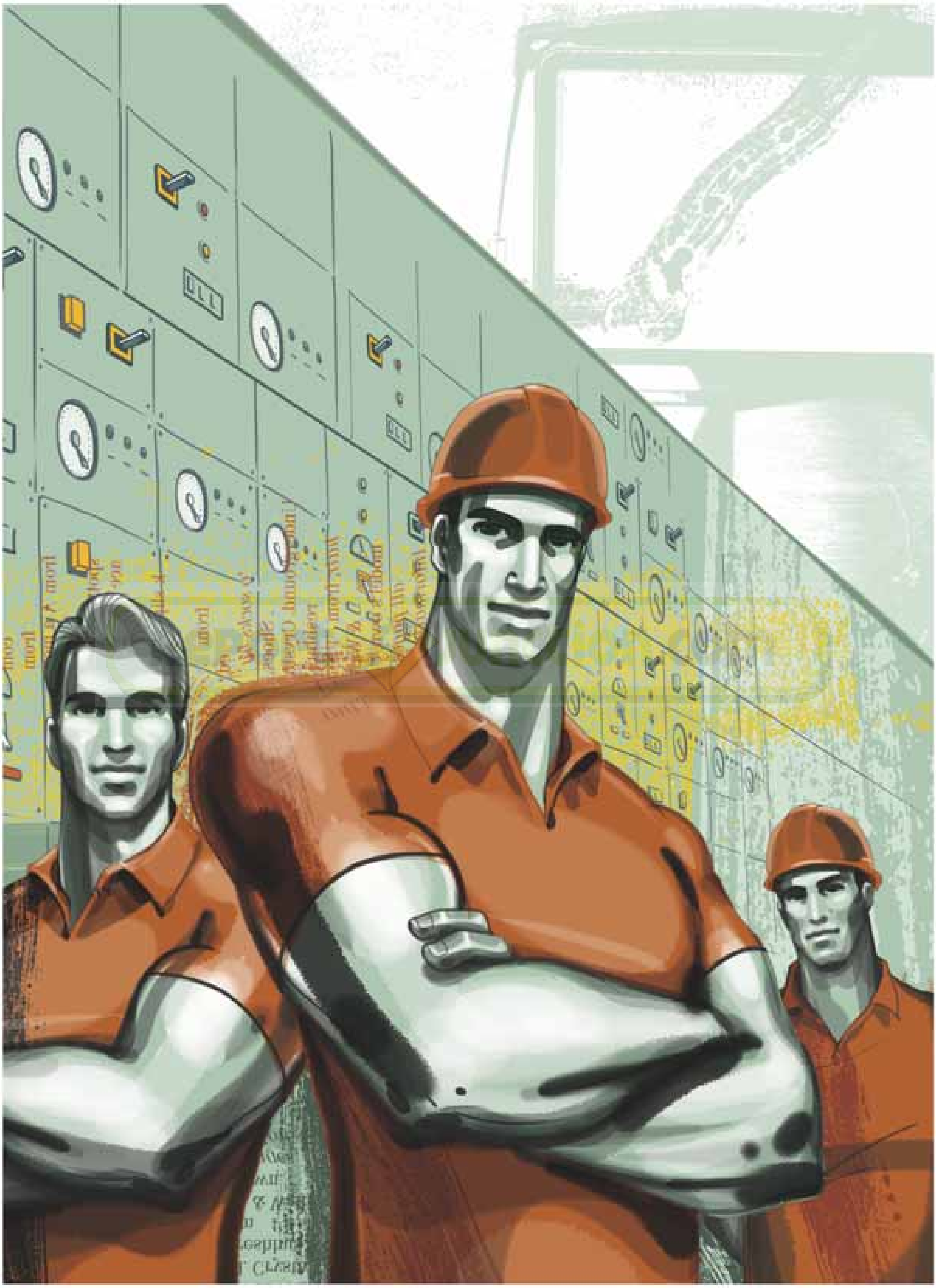

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What do talented and motivated engineers do when they've achieved every target? The team at Maratha Cement Works, Chandrapur, Maharashtra, set themselves impossible targets. Their goal: to run the plant for more than 65 days. A record that had stood for 25 years.

Their target of 100 days seemed ambitious. Not only would they have to keep the kiln running, but all of its support units as well, from mining and crushing, to coal supply and power generation.

With single-minded determination, they set themselves to the task. Problems that would normally require a shutdown to fix, were handled with ingenuity: the team managed to rectify damaged parts while keeping the plant running.

Sixty-five days went by, then a hundred. Finally, after 156 days of continuous running, they shut the plant. They had broken the record, reached their goal and continued on to set an impossibly high benchmark.

Our committed people showed once again that with an 'I can' spirit, achievements are only limited by one's imagination.

SOME ENGINEERS MEET TARGETS.

OURS FOUND A PLACE IN THE HISTORY BOOKS.

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DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS

Dear Members,
It is a pleasure to present the Annual Report of the Company for the year 2012.

1. THE JOURNEY OF EXCELLENCE CONTINUES

The Company continues to occupy an important and benchmarked position in the cement industry through continual capacity enhancement, operational efficiencies, financial excellence and focussed sustainability efforts which promote the well-being of society. With sound tactical and strategic initiatives and the indomitable spirit of "I can" the Company is well poised to continue its journey of excellence in the short and long time frame.

2. BRAVING THE SLOWDOWN

INDIAN ECONOMY LOOKING FOR SILVER LINING IN SPATE OF REFORMS

The Indian economy has shown remarkable resilience compared to other global economies. However, the stress was visible in below 6% projected GDP growth in 2012 vis-a-vis aspirations of over 7% growth, in stark contrast to an average of 8% growth achieved during 2007 – 2011.

Economic growth declined across all the sectors due to domestic and external factors, high inflation, wide fiscal deficit and unfavourable domestic savings and investment rate. Despite strong fundamentals and structural support, uncertainty and consequent lack of confidence held back investments in capital formation. Output was disrupted due to power outages and stalled projects. Services also slowed down due to both cyclical and structural factors.

High inflation was a cause of worry, with wholesale price index hovering over 7%. The weak rupee, settling around ₹ 55 against USD, increased the import bill of crucial fuel supplies, thus driving up the current account deficit.

In an attempt to rekindle India's economic slowdown, the Government unveiled a series of economic reforms. These have certainly led to a revival in investors' sentiment. Though the first half of the financial year 2012-13 grew by just 5.4%, the reforms-driven positive sentiment is expected to help achieve growth rate of approx 5.5% by the end of the financial year. Manufacturing PMI data for December 2012 published by HSBC, reflects this sentiment as it surged to 6-month high, backed by strong factory output and a spike in new orders.

Steps taken by the Government to reform the economy has given a positive tone to the challenging scenario.

A MIXED YEAR FOR THE CEMENT INDUSTRY

The first half of 2012 augured well with robust demand backed by states holding elections and due to extended construction period owing to a delayed monsoon. This demand was largely driven by rural housing and road construction while other infrastructure activities remained sluggish.

In the second half, demand faltered as construction activities remained subdued with the onset of the monsoon, which extended till late October, and uneven distribution of rain across the country, leading to floods in some parts of the country while some areas faced drought/ drought-like situation.

Cement industry also suffered due to shortage of essential construction materials like sand, bricks, water (due to drought), etc. High interest rates and an overall slowdown in the economy kept demand suppressed.

In spite of slowing down of capacity additions, supply side pressures continued to remain. Adverse demand supply situation, mainly post monsoon, resulted in lower capacity utilisation.

On the cost front, India's cement industry continues to reel under the pressure of rising input costs and high inflation rates. In March 2012, the railways rationalised freight rates, by effecting major changes in freight slabs which resulted in approximately 20-25% increase in freight charges. The Government also hiked diesel prices by ₹ 5/- per litre (excluding VAT) in the middle of September, putting further pressure on freight & distribution costs. Some respite came in the form of reduced imported coal prices in the later part of the year, however, the cost benefit

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was restricted by a volatile rupee. Overall, the cost of coal increased in double digits.

3. FINANCIAL RESULTS 2012

AT A GLANCE (STAND ALONE RESULTS):

- Cement production increased modestly by 3.1% to reach 21.62 million tonnes, from 20.97 million tonnes while clinker production went up to 15.81 million tonnes registering growth of 7.5% over 14.70 million tonnes in the year 2011.

- Domestic cement sales volume reflected sluggish demand scenario by growing at 3.8% to reach 21.31 million tonnes from 20.54 million tonnes a year ago. Cement exports fell to 0.12 million tonnes from 0.37 million tonnes a year ago. Clinker sales (including exports) grew by 2.4%, settling at 0.55 million tonnes from 0.54 million tonnes in 2011.

- Net sales at ₹ 9,675 crores were 13.8% higher than that of previous year ₹ 8,504 crores. Average sales realisation improved by around 11% at ₹ 4,400 per tonne against approx ₹ 3,960 per tonne in 2011.

- Total (operating) expenses for the year 2012 increased by 11.4% over that of year 2011.

- The company achieved an absolute EBITDA of ₹ 2,473 crores in 2012. This is higher by 25.09% over the corresponding regrouped figure (₹ 1,977 crores) of 2011.

- Net Profit at ₹ 1,297 crores improved by 5.6% over corresponding figure of ₹ 1229 crores for previous year.

Amount in ₹ crores

	Stand alone		Consolidated	
	Current Year 31.12.2012	Previous Year 31.12.2011	Current Year 31.12.2012	Previous Year 31.12.2011
Sales (net of excise duty)	9674.94	8504.32	9739.54	8521.03
Profit before interest and depreciation	2821.84	2224.9	2821.95	2225.13
Less: Interest	75.66	52.63	78.46	53.44
Gross profit	**2746.18**	**2172.27**	**2743.49**	**2171.69**
Less: Depreciation	565.22	445.15	568.68	446.20
Profit before tax and exceptional items	2180.96	1727.12	2174.81	1725.49
Less: Exceptional items	279.13	24.25	279.13	24.25
Profit before tax	1901.83	1702.87	1895.68	1701.24
Less: Provision for tax	604.77	474.01	603.86	473.75
Profit after tax but before minority interest	1297.06	1228.86	1291.82	1227.49
Less: Minority interest	–	–	(1.39)	(0.25)
Net profit after tax	**1297.06**	**1228.86**	**1293.21**	**1227.74**
Add: Balance brought forward from previous year	284.75	325.35	598.72	640.44
Profit available for appropriation	**1581.81**	**1554.21**	**1891.93**	**1868.18**

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Amount in ₹ crores

	Stand alone		Consolidated	
	Current Year 31.12.2012	Previous Year 31.12.2011	Current Year 31.12.2012	Previous Year 31.12.2011
Appropriations:				
Consequent to change in group's interest	–	–	(0.96)	–
General reserve	200.00	700.00	200.00	700.00
Provision for dividend distribution Tax written back	–	0.83	–	0.83
Dividend on equity shares (including interim)	554.80	490.69	554.80	490.69
Dividend distribution tax	90.00	79.60	90.00	79.60
Total Appropriations	**844.80**	**1269.46**	**843.84**	**1269.46**
Balance carried forward to Balance Sheet	737.01	284.75	1048.09	598.72

4. DIVIDEND

The Company has paid an interim dividend of 70% (₹ 1.40 per share) during the year. The Directors are pleased to recommend a final dividend of 110% (₹ 2.20 per share). Thus the aggregate dividend for the year 2012 works out to 180% (₹ 3.60 per share) and the total payout will be ₹ 644.80 crores, including dividend distribution tax of ₹ 90 crores. This represents a payout ratio of 50%.

5. MARKET DEVELOPMENTS

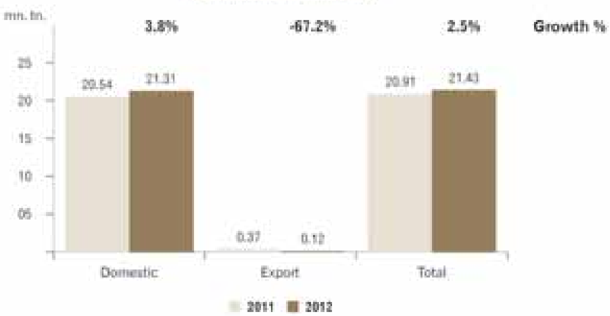
The Company's domestic cement sales in 2012 grew by 3.8% to 21.31 million tonnes as compared to 20.54 million tonnes achieved in 2011. Total cement sales (including exports) grew by 2.5% to 21.43 million tonnes as compared to 20.91 million tonnes achieved in 2011. The company's clinker sales in 2012 grew by 2.4% to 0.55 million tonnes as compared to 0.54 million tonnes achieved in 2011.

REGION WISE SALES VOLUME / GROWTH

In the North region, domestic cement sales of the Company grew by 8.9% to 8.79 million tonnes in 2012 as compared to 8.07 million tonnes in 2011. Clinker sales during 2012 were at 0.10 million tonnes as compared to 0.12 million tonnes achieved in 2011.

In the Eastern region, the Company achieved sales of 4.22 million tonnes of cement in the domestic market, registering a growth of 7% over the previous year sales of 3.95 million tonnes. Clinker sales also grew by 7% to 0.45 million tonnes in 2012 as compared to 0.42 million tonnes in 2011.

Total Cement Sales
(Volume & Growth in %)



Cement Sales
(Volume & Growth in %)

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In the West & South region, the Company's domestic cement sales in 2012 declined by 2.6% to 8.30 million tonnes as compared to 8.52 million tonnes achieved in 2011. This was mainly on account of poor demand owing to the drought-like situation in many parts of Maharashtra, extended shortage of essential construction materials, poor liquidity, fewer new projects, etc.

Cement exports were reduced further to 0.12 million tonnes as compared to 0.37 million tonnes in 2011 due to adverse international market and diversion of material to domestic market. The Company continues to develop and leverage its large and able network of around 8000 dealers and 25,000 retailers across India. Their reach and penetration helps the Company across the country in core rural and semi-urban markets. This, coupled with the strong brand equity and efficient channel management, helped the Company to withstand severe competition in an over-supply market.

While the company's network of ports, bulk cement terminals and captive ships on the west coast has supported a sustainable and strong market position in Mumbai, Surat and Cochin, the Mangalore Bulk Cement Terminal, which is expected to commence commercial operations in the first half of 2013, will further strengthen Company's position and enhance footprints in the southern region.

With the support of Holcim's rich experience of operating in 70 countries, the Company has now added sophisticated IT and channel management tools to its traditional Indian model. This has enhanced Company's capability to face stiff competition more convincingly and maintain a strong market position.

The Company has embarked upon Marketing and Commercial eXcellence program (MaCX) to further sharpen its marketing, sales and distribution functions. This ambitious program is part of comprehensive Holcim Leadership Journey (HLJ), announced by Holcim management across the globe, to deliver substantial tangible and intangible gains and create value in competitive environment over next few years. MaCX aims to supplement in-house skills with global expertise of Holcim and that of advisory firms, to revamp customer interfacing functions by focusing on core value levers. This is an investment to future proof the company and to promote environment of innovation and excellence.

6. COST DEVELOPMENTS

The major cost elements of the Company continued their upward movement in line with unyielding inflation in the economy and volatile foreign exchange rates.

MAJOR COST MOVEMENTS:

i) Cost of **major raw materials,** namely, fly ash and gypsum, increased by 14% and 25% respectively on per tonne basis, mainly on account of increase in transportation costs. Excise burden on fly ash introduced in the Union Budget 2011 continues. Overall, the absolute raw material costs increased by approx 16% over the previous year. During the year, the Company did not purchase clinker from open market. Costs on account of raw materials consumed, excluding purchased clinker, increased by a little over 18% as compared to over 2011 costs.

ii) **Power and fuel costs** registered an increase of around 16% in terms of absolute costs over last year. These costs account for approximately 30% of total operating costs of the Company and are mainly driven by movement in cost of fuel, especially coal.

   Cost of **coal** used in kilns and power plants increased by 12.5% and 8.6% respectively on an average basis, over the year 2011. Concerns associated with linkage coal, like non-availability commensurate with increased production, inordinate delay in conversion of allotted linkages into Fuel Supply Agreements (FSA) and deteriorating quality continues to be an issue. The Company is proactively taking measures to mitigate expenses by trying cost-effective fuel mix, exploring energy efficient technologies, and increasing the use of pet coke in lieu of coal. Significant volatility and devaluation in Indian currency in 2012, especially in the second half, has made imported coal costlier, even when USD denominated coal prices relaxed.

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Cost of **grid power** continued its upward movement with per kwh rate increasing at approximately 6% over the previous year. Expensive thermal power was substituted by relatively cheaper grid power. Captive power generation supported 60% of total power requirements of the Company in 2012 as against 70% in 2011.

Savings on account of efficiency in operations helped reduction of costs by 2% of total energy costs.

iii) **Freight forwarding costs,** makes around 29% of total operational cost, also hardened by approx 18% in absolute terms over previous year.

iv) Cost of **packing** went up by around 15% driven by increase in PP granule prices in line with oil price increase.

COST MITIGATION MEASURES / EFFICIENCY IMPROVEMENT INITIATIVES:

i) The Company continued to focus on production of fly ash based PPC and maintained an average blending ratio of approximately 1.48.

ii) The Company has embarked upon an ambitious journey, named 'Holcim Leadership Journey' (HLJ), as a part of global efforts launched by its parent, Holcim, to add higher value for its shareholders.

The Company is channelising its efforts into exploring and utilising excellence in the areas of customer development and cost leadership. Focus on customers, products and services innovation, constructive pricing policies and empowered sales force is expected to deliver customer excellence. Incisive studies have been initiated to find the most efficient use of energy resources, maximising usage of Alternative Fuels and Raw materials (AFR), optimisation of clinker and cement movement to save on logistics costs.

iii) Railway siding at Bhatinda grinding unit was made operational in mid January 2013. This will help us to optimise transportation costs for the unit and reduce dependence on road transport.

iv) A dedicated corridor (road), measuring 8.5 km, connecting highway to our captive jetty at Muldwarka port has been completed to enable the company to shift the entire transport to Muldwarka port through own road. This would ensure seamless flow of despatches to coastal markets using jetty at Muldwarka port, which makes 60% of total despatches from Ambujanagar plant. Besides, this would also address some serious concerns of road safety.

v) Dumas Channel, the shorter sea route to BCT Surat explored in year 2011, is being used extensively and facilitating transportation cost savings in coastal freight.

7. EXPANSION PROJECTS AND NEW INVESTMENTS

The Company took up several projects to serve its customers in a more efficient, cost-effective, reliable and environmentally-friendly manner, while bolstering its market position in the industry.

CAPACITY EXPANSION DURING THE YEAR:

In the Eastern region, the Company commissioned a pre-grinder at its Bhatapara unit in the State of Chhattisgarh at an approximate cost of ₹ 40 crores resulting in an increase in total cement capacity by 0.60 million tonnes per annum. With the above addition, the Company has achieved cement grinding capacity of 27.95 million tonnes as at 31st December 2012.

EFFICIENCY IMPROVEMENT MEASURES:

The Company focussed on consolidation and optimisation of its existing capacities in all the three regions. Capital investments kept flowing in during the year, to ensure the highest standards of safety in order to meet the company policies of 'Zero Harm', clean and energy efficient infrastructure, cost efficient and environment-friendly material handling systems and process optimisation.

i) Waste Heat Recovery (WHR) project at Rabriyawas unit in Rajasthan was initiated in year 2011 to bring efficiency in fuel utilisation and optimise power costs. This is expected to complete by September 2013 at a total cost of ₹ 75 crores. The Maratha Cement Works unit

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in Maharashtra has also taken up this project for implementation in 2013-14 at approximate cost of ₹ 90 crores.

ii) In order to strengthen logistics capability and extend reach to customers, a new railway siding project has been initiated at Rabriyawas unit in Rajasthan.

iii) An automatic wagon loading system at Farraka unit in West Bengal being built at a cost of approximately ₹ 32 crores, is nearing completion. This will reduce the cost and improve the efficiency of material handling.

UPCOMING CAPACITIES AND INVESTMENTS:

i) A new Bulk Cement Terminal (BCT) is nearing completion at Mangalore. With operations to commence early 2013, it will help the company to expand its footprints in southern markets of India.

ii) A new brown-field expansion project was announced in 2011 at Sankrail Grinding Unit in the eastern region comprising of a roller press and related logistics. The project has started progressing, with extended scope to include advanced technical specifications. This would add 0.80 million tonne grinding capacity to the unit, along with other facilities.

iii) Significant cement capacity addition of approximately 4.50 MT at proposed integrated plant (with extended grinding capacities) is coming up at Marwar Mundwa, Nagaur district in Rajasthan, with associated clinkerisation capacity of 2.20 million tonnes. Environmental clearances for the project are already in place while mining land acquisition is in an advanced stage. The Company is also in the process of tying-up water sources required for construction and operations. Full-fledged construction work is expected in the later part of year 2013.

iv) The Company has taken up 13 new ambitious projects at different locations worth ₹ 272 crores to optimise and enhance efficiency. These projects have a quick payback of 2.5 to 4 years and likely to be completed in first half of 2014.

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v) A new brown-field expansion project at the Rabriyawas unit in Rajasthan, for commissioning a roller press at a cost of ₹ 70 crores, will add 0.30 million tonne grinding capacity by the end of the year 2013.

vi) Plans are afoot to set up a state-of-the-art blending facility at Sanand in Gujarat with grinding and mechanised packing facilities at an investment of ₹ 267 crores. This facility, once operational by the 3rd quarter of 2015, will lend a competitive edge in the nearby central markets of Gujarat.

The year 2013 would see capital expenditure worth ₹ 1100 crores, over and above ₹ 600 crores investment made in the year 2012. The entire proposed expenditure would be financed by internal accruals.

ALTERNATIVE FUELS - THE GREEN ENERGY

An ambitious project, named 'Geo20', taken up by the Company to substitute costlier traditional fossil fuels by Alternative Fuels (AF), is progressing well and supporting cost-cutting. Holcim is actively supporting our efforts by making available its world-wide experience and technical expertise in the area of clean and green technology and burning all sorts of wastes without corresponding release of harmful gases and CO_2 in the air. Besides, Holcim's rich experience in the area has helped devise innovative ways of sourcing.

The Company envisions being the most sustainable Company in the cement industry and draws heavily on Holcim's sustainability policy on CO_2 and energy, eco-efficient products, atmospheric emissions, sustainable construction, etc. The strategic stress on environmentally-friendly and cost effective resources resulted in the establishment of the Geocycle department to focus on Alternative Fuels and Raw Material (AFR).

In order to optimise the furnaces at 5 of the integrated plants, to support higher utilisation of lower cost, environmentally-friendly, alternative fuels, the Company has planned investments involving capital expenditure of ₹ 200 crores. Some work on these ambitious projects has already started.

During 2012, the Company increased use of alternative fuels in its kilns from 0.59% in 2011 to 1.40% in 2012. The company is determined to achieve higher thermal energy substitution rates in the coming years.

8. OUTLOOK

REFORMS WILL RESULT IN ECONOMIC REVIVAL

India's growth story remains attractive in comparison with many developed and developing economies, although the nation's adverse fiscal deficit and negative current account balance calls for some bold rectification measures from the Government. The Government appears to be focussing on consolidation of the economic recovery through expeditious clearances for the projects, selective disinvestment and accelerating foreign direct investments through policy reforms.

While the impact of some recently announced progressive reforms would reflect only in a year and a half, the Company agrees with experts and expects GDP to grow in 2013 at around 6% plus and the cement industry at 7.5 - 8%. This optimism relies on the positive outlook for infrastructure and construction, upcoming state and national elections, improvement in monetary conditions and also possible upturn in investments post the structural reforms. Higher agricultural income, lower interest rates, pre-election welfare and Five Year Plan induced spending by the Government is expected to raise private consumption growth and improve capacity utilisation in the economy.

GROWTH PROSPECTS FOR THE CEMENT INDUSTRY

Cement demand emanates from four key segments. Namely housing, which accounts for approx 67% of cement demand, infrastructure (13%), commercial construction (11%) and industrial construction (9%). Economic reforms announced by the Government and RBI, including the expected lowering of interest rates in 2013, will surely boost sentiments and rejuvenate the economy.

The cement industry is looking for an up-cycle after muted growth for the last three years, backed by an increase in rural consumption and the recovery in the infrastructure activity. The recent government measures to fast-track infrastructure projects & with

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general elections a year away, construction activity is expected to pick up steam, leading to strong demand for cement.

Long-term growth prospects for cement demand are favourable, riding on the back of a growing economy and the impetus provided to the housing and infrastructure construction activities in the 12th Five-Year Plan period (2012-17). The total investment in infrastructure sectors in the Twelfth Five Year Plan is estimated to be ₹ 56 lakh crores (one trillion USD).

Rising input costs, particularly energy, raw material, freight & distribution, will remain a key challenge for the cement industry. Any adverse changes to existing laws/taxes may impact the industry. Land acquisition, environment clearances, inadequate supply of raw materials like limestone, linkage coal & fly ash are likely to hamper expansion plans of many cement companies.

The Company plans to mitigate such cost escalations through varied measures, including the increased use of alternative fuels and higher production of blended cement. The leadership journey adopted by the company will drive cost efficiency and customer excellence to increase margins. The Company will continuously strive to further strengthen its operational platform to manage cost, remain competitive and create value-addition for stakeholders with a long-term perspective.

9. RISKS AND AREAS OF CONCERN

ENERGY COSTS

Coal price escalations, stressed supplies and faltering quality continue to remain a major area of concern. Depleting coal linkages and volatility in the Indian rupee is escalating the cost concern. The company constantly works on efficiency improvement by plugging heat loss at every possible stage of coal consumption, looking at cost effective fuel mixes and increasing the usage of alternative fuels. These measures would partly address cost concerns. As a long term solution to energy security, capability development in area of utilisation of alternative fuels involving large investments has been taken up under the banner of 'Geo20'. Waste Heat Recovery (WHR) systems that improve fuel utilisation, and the tapping of renewable energy sources are top priorities. Going forward the company realises the importance of technological innovations and the extensive usage of alternative fuels for the sustainable reduction in energy costs.

A long term solution to the problem resides in the development of alternative fuel (AF) sources, in particular industrial and agricultural waste materials, for which the Company is making huge investments under the banner of 'Geo20'. Waste Heat Recovery (WHR) systems to improve fuel utilisation efficiency would help mitigate fuel-associated risks. Renewable energy sources, such as wind and hydro, are being tapped as far as possible to mitigate the high costs associated with traditional energy sources. This is in line with the company's vision and mission and to fulfil the Renewal Power Obligation (RPO) recently imposed by many states across India.

ORDER OF THE COMPETITION COMMISSION OF INDIA

On 20th June, 2012, the Competition Commission of India (CCI) passed an order imposing unprecedented penalties of more than ₹ 6300 crores against some cement manufacturers of the country, including the Company, in the matter of a complaint filed by the Builders Association of India for the alleged contravention of the Competition Law. The penalty imposed on the Company is ₹ 1164 crores. The Company has filed an Appeal before the Competition Appellate Tribunal (COMPAT) against the order and for granting stay against deposit of penalty. The matter is pending before the COMPAT. The management, backed up by a legal opinion from the external legal counsel, strongly believes that the Company has a good case to succeed before the COMPAT and accordingly, no provision has been made in the books of accounts for the year 2012. However, the amount of penalty has been considered as contingent liability.

DE-ALLOCATION OF COAL BLOCK

The Ministry of Coal allotted a coal block in the State of Maharashtra along with IST Steel & Power Ltd. and Lafarge India Pvt. Ltd. The block was allotted for the captive consumption of the allottees. A joint venture company was formed for coal mining with the company holding 27.27% of shares. The JV company

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was in the process of achieving various milestones as per the terms of allocation letter. However, alleging delay in achieving the milestones, the Ministry of Coal passed an Order on 15th November, 2012 de-allocating the said coal block and invocation of partial bank guarantee. The Company immediately filed a writ petition in the Delhi High Court against the said order and the Hon'ble High Court was pleased to pass the stay order on 30th November, 2012 against the encashment of bank guarantee. The Appeal is pending before Hon'ble High Court. The Company believes that the progress made by the JV company in achieving the milestones was quite satisfactory. The alleged delay is either misconstrued or is for the reasons beyond the control of the JV company. In view of these facts, the management strongly believes that the Company has a good case to succeed in the writ pending before the Hon'ble High Court.

ECONOMIC SLOWDOWN COUPLED WITH SURPLUS CAPACITY IN INDUSTRY

Implementation of various reforms and macro-economic initiatives being initiated by Government is important. In the absence of the rejuvenation of the national economy, aspired GDP growth may not be achieved, leading to restricted growth in cement demand. It is perceived that, in this scenario, demand from infrastructure and commercial reality segments would be constricted. Coupled with capacity additions, the adverse demand supply scenario would continue, leading to pressure on volumes and prices.

The Company, having clear sight of this risk, is well equipped to continue the growth plan leveraging and building up on its strong brand equity and channel network in the core retail segment. Marketing and Commercial Excellence (MaCX) would give the desired impetus to achieve excellence and provide a clear mitigation plan.

TAXATION / ADMINISTRATIVE BURDEN

External and internal pressures in the economy, the rising fiscal deficit and falling savings and investment rates are some of the challenges before the Government calling for strict fiscal discipline, rollback of incentive and experimentation with tax laws to mobilise additional sources and improve Tax to GDP ratio. Retrospective tax proposals still haunt investors. Introduction of domestic transfer pricing provisions would necessitate change in the way business is conducted in many areas besides entailing administrative costs.

The much awaited reforms in the field of taxation, i.e. the implementation of Goods and Services Tax (GST) and Direct Tax Code (DTC) are yet to come in. Though the Government has taken steps towards GST by introducing negative list in service tax, aligning provisions for excise and service tax, these have incremental cost impact without corresponding simplification and reduction in the overall administrative burden on the Industry. Thus, the lack of uncertainty on tax policies remains a concern.

10. HUMAN RESOURCES

BUSINESS EXCELLENCE THROUGH HR LEADERSHIP

Our HR systems and processes are aimed towards making us an employer of choice with sustainable talent. This is in perfect alignment with the company vision of being the most sustainable and competitive company in the industry. Towards this end, there have been constant efforts to ensure a capable talent pipeline.

The core of achieving business excellence lies in a dedicated and talented employee base. The first step towards this is attracting the right talent through our streamlined and structured recruitment process. We have structured systems for performance management and for planning individual development with a vision of creating a wealth of high performance employees. The organisation also believes in home-grown talent through various management development programs conducted in association with renowned business schools like IIM, ISB, NMIMS as well as international B-Schools. We are focusing on creating leaders across levels and in the early stages of an employee's career. The company has recently launched an initiative called "Sustainable Talent for Enhanced Performance" (STEP) to develop a sustainable pool of leaders equipping them with essential leadership skills and competencies and enhancing their coaching skill capacity. Our people are also exposed to the Holcim way of working through leadership development programs through talent movements to various

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Holcim operating companies across the globe specially in the areas of finance, safety, projects, manufacturing and commercial.

We believe that the success and milestones achieved during this year has been possible because of our people and robust systems and processes across the organisation.

PEOPLE POWER

Over the last couple of years, we have initiated a very important and major Change Management program called "People Power". This comprehensive program has evolved to manage plant performance at each of our locations, as well as to develop a very strong leadership pipeline. We have completed the roll out of this program at 16 locations of the Company and have invested significant time and resources for its implementation and to make this a "way of life".

During 2012, we made significant progress to strengthen all four basic pillars of this program viz:

- Organisation Structure and Manning
- Performance Management
- Technical Model and Capability Building
- Cultural Change and Sustainability

This program will make the Company a Continuously Improving Organisation in a true sense. As a part of this program, we have set up a People Power Academy at different plant locations and have introduced the Academy White Paper and the Academy Certification Program to ensure we get best quality people and offer them a visible career progression towards future leadership. This has now been embedded into our formal HR systems. Like any change management program, there are still lots of challenges that remain to be addressed to maintain the level of energy and commitment of our people and to this end, we have developed a comprehensive and objective-oriented 'People Power Excellence Index'. The index comprises of more than 50 indicators that give a fair idea of where each location stands in terms of sustaining The People Power momentum and what specific actions are required to excel further.

We have also set up a dedicated PMO (Program Management Organization) at the corporate office for driving this change management program. Specific focus is given to capability-building through various customised programs. We have put in place 7 community practices to replicate proven ideas with the help of plant champions. Conscious efforts are being made on unit-specific cultural aspects to build on their strengths and improve development areas.

We are confident that this program will continue to contribute very significantly to realise our vision "to be the most sustainable and competitive Company in our industry".

11. SUSTAINABILITY AND ENVIRONMENT

NURTURING SUSTAINABILITY AT THE CORE OF THE COMPANY

We renewed our commitment to sustainable development by revising our vision to be the most sustainable and competitive company in our industry. We continued to pursue our sustainability goals under the overarching 'Sustainability Policy'. In addition we initiated the implementation of Sustainable Procurement Guidelines aimed at our supply chain. This is aligned to the Holcim Supplier Code of Conduct.

To embed sustainability as a strategic factor in our framework, Sustainability Steering Committees were constituted last year. These have continued to assess sustainability risks and opportunities both at the unit and corporate level, and monitor the various sustainability initiatives. The Company's focus among others is on low carbon growth, being water positive, use of alternative fuel, renewable energy, bio-mass etc. Continuing our participation in the Global Programme of Clean Development Mechanism (CDM) we are currently pursuing two CDM projects on Smokeless Chulhas in the Community around our plants and Waste Heat Recovery.

We released our 5th Corporate Sustainable Development Report. The report is aligned with Global Reporting Initiative (GRI) G3 guidelines for A+ Level of reporting, having been 'Assured' by an independent certifying agency. Additionally, this year's report has also been GRI checked.

We continue to focus on developing our renewable

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energy portfolio in line with Renewable and Clean Energy Roadmap till 2020. We installed 330 KV of Solar energy at Bhatapara, Chhattisgarh this year, in addition to the existing 7.5 MW of wind energy at Kutch, Gujarat commissioned last year. A 6.5 MW Waste Heat Recovery based power generation system is being installed which is expected to be operational by 2013.

The Company is currently monitoring and reporting CO_2 emissions as per the WBCSD Cement Sustainability Initiative (CSI) protocol. The Company is one of the Co-chairs of CSI India and has been part of the Working Group on a Low Carbon Technology Road Map for the Indian Cement Industry. The Low Carbon Technology Roadmap report has been released in December 2012.

We attained independent third-party assurance for our water footprint. It was established that we are water positive by a factor of two. Further, we meticulously estimated our carbon footprint that included our all operations, bulk cement terminals, shipping activity, and offices, as well as offsets due to our plantation initiatives for the year 2010. This was verified independently by a third party in accordance with the international standard ISO 14064:2006.

In recognition of our endeavours in streamlining Corporate Sustainability within our operations, we have been awarded the CII Sustainability Award in the category of commendation for 'significant achievement' bettering our previous year's performance where we were adjudged winners in the category of commendation for 'strong commitment'. Further, we have been rated at Gold Level in the Sustainability Plus rating done by CII. The 100 largest companies by market cap and market share were rated against ESG indicators by the CII for the Sustainability Plus rating. The rating was done across 3 categories, namely Platinum, Gold and Bronze.

PROACTIVE ENVIRONMENT MANAGEMENT

The Company ensured availability of Continuous Emission Monitoring Systems (CEMS) round the year at all the 9 kiln stacks above 95% for online monitoring of all vital pollution parameters.

Three of our grinding units have attained certifications to the Energy Management System as per ISO 50001:2011. Our Rabriyawas unit is in the process of implementing the standard. In addition to mapping the energy saved, corresponding greenhouse gas mitigation achieved through this initiative shall also be monitored.

The company has taken steps to ensure it meets its commitments under the PAT scheme and RPO-REC obligations. Further, we are anticipating emission standards to be notified for SO2 and NOx emissions. We are taking steps to monitor and control our emissions so that we can meet the requirements of the new standard as and when they are notified.

Most of our plants have done well in the Holcim Plant Environment Profile [PEP] annual assessment. While the Company average equalled the Holcim average score in the integrated units, 4 of them scored above the Holcim average. Both individually and Company level, all the grinding units have scored above the Holcim average PEP 2011 score.

As in previous years, this year we participated in Carbon Disclosure Project to make our carbon emissions public as per CSI protocols.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

STRENGTHENING COMMUNITIES ACROSS THE COUNTRY

Ambuja Cements Ltd. is among very few companies that invest more than 2% of their net profit in CSR, much before the new Companies Bill makes it mandatory for the corporate sector. The Company has clearly identified the community as one of the significant stakeholders, and is keenly interested in responding to their needs in a systematic manner. This guides our efforts in community development.

Ambuja Cement Foundation (ACF), the CSR arm of the Company, has identified a broad spectrum of development initiatives, addressed macro level issues by strategising at the micro level, and subsequently replicated and scaled-up work, leading to larger impact.

When Ambuja Cements initially began identifying the needs of the communities, water emerged as a prime requirement in Gujarat and Rajasthan -

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amongst the most ecologically fragile regions of the country. Gujarat faces the problem of sea-water intrusion and ingress; while Rajasthan faces perennial droughts and scarcity of water. Our multi-pronged approach resulted in several projects aimed at water conservation and its effective usage, both for domestic as well as agricultural purposes. This extensive effort in water resource development over a period of time, has resulted in contributing to the water-positive status of the Company. The scale of work has been possible only due to extensive networking with other development organisations and project-based partnerships with various government departments.

In **Gujarat** this year, aside from continuing to build and interlink water harvesting structures, promoting micro irrigation and creative awareness on effective utilisation of water, ACF, in collaboration with the Government of Gujarat completed construction of a major check dam at Bhekheshwar to help recharge ground water. The Bhekeshwar dam has a water storage capacity of 1.01 MCM.

In **Rajasthan,** ACF's approach consists of reviving traditional water harvesting systems like village ponds, khadins - a system of runoff farming, innovations like sub-surface dykes on sandy river beds and promoting Roof Rainwater Harvesting Systems (RRWHS) in the region. These methods have had an impact on the drinking water availability as well as the irrigation potential to increase the area under cultivation. RRWHS has proved itself as a sustainable solution to address the issue of access to drinking water at the household level. Ambuja Cements, with its sustainability agenda, now has a clear goal for each functional unit to be water positive. ACF is now focussing its efforts on various water resource developments in each location.

Lack of employment opportunities and access to skill up gradation is another complex issue taken up at ACF through its **livelihood promotion** programs. **Water agriculture** being a primary occupation for the majority people around our plants, our CSR activities focus on agro-based livelihood programs which include promotion of System of Rice Intensification (SRI), organic farming, mushroom cultivation, honey collection, horticulture promotion, training programme on scientific and recommended

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agricultural practices through Krishi Vigyan Kendra at Kodinar. Additionally, in Rajasthan, with the support of Rajasthan State Seed Corporation, a large project on seed production is enabling higher returns for farmers.

By way of promoting weather-based insurance, ACF is also enabling farmers to better manage risk in agriculture crops. Since March 2010, ACF has participated in the **Better Cotton Initiative,** a global project to makes cotton production sustainable for producers and the environment. The projects now reaches out to over 7000 farmers and about 93% of the participating farmers have qualified as per BCI parameters.

To create alternate sources of employment and bridge the gap between required and available skills, ACF's 17 **Skill and Entrepreneurship Development Institutes (SEDI)** have trained over 9000 candidates in over 40 different trades. Systematic study, analysing local demands for skills and maintaining market and industry linkages has helped these institutes promote gainful employment with a placement rate of over 75%.

Health and Sanitation are important indicators for Human Development Index (HDI), and have prime significance in ACF's efforts in the area of social development. The comprehensive program, evolved over a period of time, places emphasis on clinical, preventive, as well as promotive healthcare. Across locations, a large team of 312 Sakhis (Village Health Functionaries) play a vital role in ensuring improved access to health facilities for all in the communities. These Sakhis are periodically trained by ACF to enhance their knowledge, capacities and skills in handling primary healthcare needs at the village level, and working closely with the gram panchayat and village health and sanitation committees (VHSCs) to improve health and sanitation facilities in the villages. Many of our units have taken measures to link Sakhis with government/government supported programs. Currently over 115 Sakhis have been absorbed as ASHA workers under NRHM, anganwadi workers or as anganwadi helpers.

We have continued to work on education and prevention of **HIV/AIDS** with truckers and migrant workers around our plants by providing services such as STI treatment, counselling and awareness sessions.

Ambuja Manovikas Kendra (AMK) at Ropar, is a centre of special education working for the welfare of persons with autism, cerebral palsy, mental retardation and multiple disabilities since 1999. The school provides various therapies and programmes for children along with a strong emphasis on outdoor games. To reach the maximum number of special children in need, this year AMK introduced a 'home-based rehabilitation programme' under which special educators from the school visit children at home on a weekly basis. This way the school creates access for those children in need of specialised services, but cannot go to school.

After the stellar performance of 4 of our AMK students in World Special Olympics 2011 held in Greece this year, our athletes won 13 Gold, 07 silver and 02 Bronze medals in athletic events in the Special Olympics Bharat, Punjab Chapter. Five students from AMK were adjudged best athletes of the tournament. AMK also won the "Overall Championship Trophy" of the tournament and was adjudged the Best Institution in sports in Punjab for a record 7th year in a row.

STAKEHOLDER ENGAGEMENT

Clearly identifying groups of stakeholders helps the Company to respond to their needs in a focused manner. We endeavour to evolve active participation of various stakeholders in the process of planning, implementation and monitoring of various programs. We set up a **Community Advisory Panel (CAP)** at each of our locations. This panel has representatives from the Company as well as from the host communities, including the local administration, and is constituted to present the views and opinions of the people and discuss and build consensus on initiatives for the Company to implement jointly with the people in the area.

In the year 2012, all operational sites reviewed our CSR through our **Social Engagement Scorecard (SES).** The exercise provided an opportunity for the community to review and evaluate ACF's work. The scorecard result this year has been a rating of 75-100% across locations.

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The **Ambuja Volunteerism Program** launched last year provides an opportunity for our employees to engage and participate in the Company's social development projects. In 2012 Ambuja Cements saw 1695 employees dedicating their services. Their volunteering efforts amounted to approximately 16,885 hours.

12. OCCUPATIONAL HEALTH AND SAFETY (OH&S)

WORKING TOWARDS "ZERO HARM" FOR OUR PEOPLE

We believe OH&S is one of our core values and we strive for "Zero Harm" to our employees, contractors and visitors.

A review of the Company's OH&S performance has led to addition of some key action areas and a further reiteration of the earlier objectives. The key focus areas are:

1) Increase visible leadership in OH&S by the Front Line Management. Apart from the annual OH&S targets, each operational plant undertook one additional initiative based on the Fatality Prevention Element (FPE) of Ambuja Cement.

2) Fatality Prevention Elements include working at heights, isolation and lockout, vehicle and traffic safety. These were implemented across our sites with a target of 40-60%. The quality of implementation was assessed through an external certifying agency.

3) A formal OH&S management system, aligned with the Holcim OH&S Pyramid System and other directives, has been established over the past few years across the organisation. All sites were assessed for implementation of the Holcim OH&S Pyramid System through an external certifying agency. The scores from the OH&S pyramid assessment were excellent and a clear demonstration of the implementation of an integrated OH&S management system in our operations.

4) Each of our plants has taken steps to ensure there is no reoccurrence of fatal incidents within the organisation, on the basis of investigation reports. A similar initiative was also undertaken for fatalities reported within ACL since 1st January 2008, potential fatalities reported within ACL and fatalities reported within Holcim World since 1st January 2012.

5) To reduce Risk Exposure through the application of the OH&S Management system, the following actions were initiated:

- An interface between ACL OH&S Management system, Maintenance Cement (MAC) and the integration of Alternative Fuel & Raw Materials (AFR) OH&S (ACert requirements) in the ACL OH&S management system was established.
- A road map was developed for the implementation of OH&S directive for the Contractor Safety Management System (CSM). Implementation of CSM was initiated among the high-risk category of contractors.
- A process was initiated for the integration of OH&S requirements during the planning and execution of a shutdown by applying the ACL OH&S management system. Risk assessments were conducted for all activities during the shutdown.

6) We established risk-specific and competency-based training as per the requirements of the targeted Fatality Prevention Elements and other OH&S directives.

The Company is committed to reduce OH&S risks through continuous efforts and the integration of OH&S requirements with other business processes. It makes us proud that two of our integrated plants – Rabriyawas and MCW have received National safety awards and FICCI Gold respectively, in recognition of their safety performance.

13. EMPLOYEE STOCK OPTION SCHEME

During the year, the Company has not granted any fresh stock option to its employees.

CUMULATIVE DISCLOSURE

The particulars as on 31st December, 2012 as required to be disclosed pursuant to Clause 12 of SEBI (Employees Stock Option Scheme) Guidelines 1999, in respect of past ESOS are as follows:

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CUMULATIVE POSITION AS ON 31ST DECEMBER, 2012:

Nature of disclosure	Particulars						
a. Options granted	37776800						
b. The pricing formula	2007 to 2010 The exercise price was determined by averaging the daily closing price of the Company's equity shares during 7 (seven) days on the National Stock Exchange immediately preceding the grant						
	2004-05 & 2005-06 The exercise price was determined by averaging the daily closing price of the Company's equity shares during 15 (fifteen) days on the National Stock Exchange immediately preceding the grant						
	2003-2004 The exercise price was determined by averaging two weeks' High and Low price of the Company's equity shares on the National Stock Exchange immediately preceding the grant						
	1999-2000 to 2002-2003 The exercise price was the average of the daily closing price of equity shares of the Company on the Stock Exchange, Mumbai during the period of 30 (thirty) days immediately preceding the date on which the options were granted						
c. Options vested	32845925						
d. Options exercised	22680900						
e. The total number of shares arising as a result of exercise of options	Total number of shares arising as a result of exercise of options shall be 44041507 shares of ₹ 2 each						
f. Options lapsed / surrendered	4930875						
g. Variation of terms of option	–						
h. Money realised by exercise of options	₹ 303.91 crores						
i. Total number of options in force	10165025						
j. i) Details of options granted/exercised by the former Managing Director and the former Whole-time Directors	No. of options granted	No. of options exercised					
	32,85,000	26,00,000					
ii) Any other employee who received a grant in any one year of 5% or more of options granted during that year	NIL	NIL					
k. Employees who were granted options during any one year, equal to or exceeding 1% of the issued capital of the Company at the time of grant	NIL						
l. Diluted earning per share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard AS-20	₹ 8.41						
	2003-04	2004-05	2005-06	2007	2008	2009	2010
m. Weighted average exercise price of options in ₹ Weighted average fair value of options in ₹	310* 67.44*	443* 96.73*	69.60** 19.23**	113** 29.28**	82** 16.95**	96** 26.38**	119** 39.37**

*Options related to Equity Shares of the face value of ₹ 10/-. **Options related to equity shares of the face value of ₹ 2/-.
As required under SEBI guidelines on ESOS, the information disclosed in respect of item (m) is for grants made after June 30, 2003.

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14. CORPORATE GOVERNANCE

The company has complied with the corporate Governance requirements as stipulated under the listing agreement with the stock exchanges. A separate section on corporate governance, along with a certificate from the auditors confirming the compliance, is annexed and forms part of the Annual Report.

CORPORATE GOVERNANCE VOLUNTARY GUIDELINES:

The majority of the Corporate Governance Voluntary Guidelines, 2009, stand complied while complying with the requirements under the Companies Act, 1956, the Listing Agreement, and the Company's own governance policies.

15. BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Report for the year ended 31st December, 2012 as stipulated under clause 55 of the Listing Agreement is annexed and forms part of the Annual Report.

16. INTERNAL CONTROL SYSTEM

The Company has documented robust and comprehensive internal control systems for all the major processes to ensure reliability of financial reporting, timely feedback on achievement of operational and strategic goals, compliance with policies, procedures, laws, and regulations, safeguarding of assets and economical and efficient use of resources.

The formalised systems of control facilitate effective compliance as per Clause 49 of the Listing Agreement, and article 728 (a) of the Swiss Code of Obligations applicable to the Holcim Group from 2008.

The Company's Internal Audit department tests, objectively and independently, the design and operating effectiveness of the internal control systems to provide a credible assurance about their adequacy and effectiveness to the Board and the Audit Committee. The Internal Audit function assesses the effectiveness of controls to provide an objective and independent opinion on the overall governance processes within the company, including the application of a systematic risk management framework.

The scope and authority of the Internal Audit activity are well defined in the Internal Audit Charter, approved by the Audit Committee. Internal Audit plays a key role by providing an assurance to the Board of Directors and value adding consultancy service to the business operations.

17. MANAGING THE RISKS OF FRAUD, CORRUPTION AND UNETHICAL BUSINESS PRACTICES

Fraud and corruption-free work culture has been the part of the Company's DNA all along. In view of the potential risk of fraud and corruption due to rapid growth and geographical spread of the operations, the Company has put even greater emphasis to address this risk. To meet this objective a comprehensive Fraud Risk Management Policy (FRMP) has been laid down. More details on FRMP have been given in the Corporate Governance Report.

In furtherance to the Company's philosophy of conducting business in a honest, transparent and ethical manner, the Board has laid down the Anti-Bribery and Corruption Directives (ABCD) as part of the Company's Code of Business Conduct and Ethics. As a Company, we take a zero-tolerance approach to bribery and corruption and we are committed to acting professionally and fairly in all our business dealings.

To spread awareness about the Company's commitment to do its business professionally, fairly and free from bribery and corruption, training and awareness workshops are conducted through an independent consulting firm for all the relevant employees of the Company.

These policies and their implementation are closely monitored by the Audit and the Compliance Committees of Directors and reviewed by the Board from time to time.

18. DIRECTORS

RETIREMENT BY ROTATION

In accordance with the provisions of Article 147 of the Articles of Association of the company, (i) Mr. M.L. Bhakta (ii) Mr. Naresh Chandra and (iii) Mr. Onne van der Weijde will retire by rotation at the ensuing Annual General Meeting of the Company.

(i) Mr. M.L. Bhakta,

Mr. Bhakta will retire at the ensuing Annual General Meeting of the Company. Mr. Bhakta has conveyed that he does not intend to seek re-election and will retire upon completion of his term at the ensuing Annual General Meeting.

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Mr. M.L. Bhakta joined the Board in September, 1985. He was amongst the first Non-executive Independent Directors on the Company's Board, much before the term Independent Director became common in the Indian corporate sector. Over the last two-and-a-half decades, Mr. Bhakta played an active role by providing expert advice and guidance to the Board and its committees on issues ranging from legal, taxation, governance etc.

(ii) Mr. Naresh Chandra

Mr. Chandra will retire at the ensuing Annual General Meeting of the Company. Mr. Chandra has conveyed that he does not intend to seek re-election and will retire upon completion of his term at the ensuing Annual General Meeting. Mr. Naresh Chandra joined the Company's Board in July, 2008 and during this period he guided the Board and its committees on the issues of governance, compliance, health and safety, etc.

The Board placed on record its appreciation for the valuable services rendered by Mr. M.L. Bhakta and Mr. Naresh Chandra.

In terms of Section 256(4) of the Companies Act,1956, the vacancies created by the retirement of Mr. M.L. Bhakta and Mr. Naresh Chandra shall not be filled and a resolution to that effect is proposed for the approval of the Members at the ensuing Annual General Meeting.

(iii) Mr. Onne van der Weijde will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The Board recommends his appointment.

APPOINTMENT

Mr. Haigreve Khaitan and Mr. B.L. Taparia have been appointed as Additional Directors under Section 260 of the Companies Act, 1956 to hold office up to the date of ensuing Annual General Meeting and being eligible, has offered themselves for appointment.

(i) Mr. Haigreve Khaitan

Mr. Khaitan, aged 42 years is a Law graduate and is a partner of Khaitan & Co's Mumbai office. He heads Khaitan & Co's Mergers & Acquisition (M&A) practice and over the years he has successfully handled many M&A, private equity and project finance transactions. He has published books and articles on foreign investments and arbitrations and has been a distinguished speaker at various conferences. He is also affiliated with various Bar Councils and Law Institutes of India and abroad. He has been appointed as Non-executive Independent Director on the Board of the Company w.e.f. 27th July, 2012.

(ii) Mr. B.L. Taparia

Mr. Taparia, aged 62 years is Commerce and Law graduate and a fellow member of the Institute of Company Secretaries of India. He has over 40 years of experience in the fields of Legal, Secretarial, Finance and Accounts, Commercial, Corporate Strategies, HR, Health and Safety, CSR, Sustainability, etc. He joined the Company in the year 1983 as a Deputy Company Secretary and after working at different positions, he was appointed as Whole-time Director in the year 1999, where he served till the year 2009. After stepping down from the Board, Mr. Taparia continued on the Executive Committee as a Legal Head, Company Secretary and Head of some key corporate functions. He superannuated from the Company in July, 2012. Considering his vast knowledge and experience and expertise in handling critical functions, he was appointed as Non-executive Director on the Board of the Company w.e.f. 1st September, 2012.

The board of directors recommends their appointment. Further details about these Directors are given in the Corporate Governance Report as well as in the Notice of the ensuing Annual General Meeting being sent to the shareholders along with the Annual Report.

19. DIRECTORS' RESPONSIBILITY

Pursuant to Section 217 (2AA) of the Companies Act, 1956 as amended, the Directors confirm that:

i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.
ii) Appropriate accounting policies have been selected and applied consistently, except for the change in accounting policies stated in notes to the accounts and judgments and estimates made are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as on 31st December, 2012, and of the statement of profit & loss and cash flow of the company for the period ended 31st December, 2012.
iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in

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accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv) The annual accounts have been prepared on a going concern basis.

20. AUDITORS

STATUTORY AUDITORS

M/s S. R. Batliboi & Co. Statutory Auditors, will retire at the ensuing Annual General Meeting and are eligible for re-appointment. M/s S. R. Batliboi & Co. have confirmed that their re-appointment, if made, shall be within the limits specified under Section 224(1B) of the Companies Act, 1956.

The Board recommends their re-appointment as Statutory Auditors and to fix their remuneration.

COST AUDITORS AND COST AUDIT REPORT

Pursuant to section 233B(2) of the Companies Act 1956, the Board of Directors on the recommendation of the Audit Committee appointed M/s. P.M. Nanabhoy & Co. Cost Accountants, as the Cost Auditors of the Company for the Financial Year 2013. M/s. P.M. Nanabhoy & Co. have confirmed that their appointment is within the limits of the Section 224 (1B) of the Companies Act, 1956 and have also certified that they are free from any disqualifications specified under Section 233B(5) read with Section 224 sub-section (3) or sub-section (4) of Section 226 of the Companies Act 1956.

The Audit Committee has also received a certificate from the Cost Auditor certifying their independence and arm's length relationship with the Company. Pursuant to Cost Audit (Report) Rules 2001, the Cost Audit Report for the financial year 2012 was filed on 27th December, 2012 vide SRN No. S19608587 on the Ministry of Corporate Affairs website.

21. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

The Company has transferred a sum of ₹ 59.50 lacs during the financial year 2012 to the Investor Education and Protection Fund established by the Central Government, in compliance with Section 205C of the Companies Act, 1956. The said amount represents unclaimed dividends which were lying with the Company for a period of 7 years from their respective due dates of payment. Prior to transferring the aforesaid sum, the Company has sent reminders to the shareholders for submitting their claims for unclaimed dividend.

22. ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo, is required to be given pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed hereto marked Annexure – I, and forms part of this report.

23. PARTICULARS OF EMPLOYEES

The information required under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, in respect of the employees of the Company, is provided in the Annexure forming part of this Report. In terms of Section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent to the members and others entitled thereto, excluding the aforesaid Annexure. The Annexure is available for inspection by the members at the Registered Office of the Company during business hours on working days up to the date of the ensuing Annual General Meeting. If any member is interested in obtaining a copy thereof, such member may write to the Company Secretary, whereupon a copy would be sent.

24. SUBSIDIARY COMPANIES

Ministry of Corporate Affairs, Government of India, vide its circular dated 8th February, 2011 has exempted companies from attaching the Annual Reports and other particulars of its subsidiary companies along with the Annual Report of the Company required u/s 212 of the Companies Act 1956. Therefore, the Annual Reports of the subsidiary companies viz. (1) Chemical Limes Mundwa Pvt. Ltd. (2) M.G.T. Cements Pvt. Ltd. (3) Kakinada Cements Ltd. (4) Dang Cement Industries Pvt. Ltd. (5) Dirk India Pvt. Ltd. and (6) Dirk Pozzocrete (MP) Pvt. Ltd. are not attached with this Annual Report. However, a statement giving certain information as required vide aforesaid circular dated 8th February, 2011 is placed along with the Consolidated Accounts.

The annual accounts of the subsidiary Companies are kept for inspection by the shareholders at the Corporate (Head) Office of the Company. The Company shall provide free of cost, the copy of the

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Annual Accounts of its subsidiary companies to the shareholders upon their request.

25. CONSOLIDATED FINANCIAL STATEMENTS

As stipulated by Clause 32 of the listing agreement with the stock exchanges, the consolidated financial statements have been prepared by the Company in accordance with the applicable accounting standards issued by The Institute of Chartered Accountants of India. The audited consolidated financial statements together with Auditors' Report form part of the Annual Report.

The consolidated net profit of the Company and its subsidiaries amounted to ₹ 1293.21 crores for the corporate financial year ended on 31st December, 2012 as compared to ₹1297.06 crores on a standalone basis.

26. EQUAL OPPORTUNITY EMPLOYER

The Company has always provided a congenial atmosphere for work to all sections of the society. It has provided equal opportunities of employment to all without regard to their caste, religion, colour, marital status and sex.

27. AWARDS AND ACCOLADES

(a) It is a matter of great pride that in recognition to the Company's efforts in the area of sustainability, the Company was presented the CII Sustainability Award, 2012 (Commendation Certificate for Significant Achievement) by the Hon'ble President of India, Shri Pranab Mukherjee.

At the same award ceremony, the company's MCW unit at Chandrapur was also presented with "Commendation on Strong Commitment" in sustainability by the Hon'ble President of India.

(b) Our mines continued to be adjudged among the best mines in their respective regions by the Director General of Mines on various parameters such as mine working, maintenance, innovations, health & safety, training, environment protection, etc.

(c) The CII conferred the "National Award for Excellence in Water Management" to our Rabriyawas unit and Marwar Mundwa project site in the 'Beyond the Fence' Category.

(d) Our Rabariyawas unit won the runner-up prize at the in National Safety Awards from the Ministry of Labour.

(e) Our MCW unit at Chandrapur received the Maharashtra Safety Award from the National Safety Council.

(f) Our MCW unit at Chandrapur also received the Environment Excellence Award from the Greentech Foundation.

(g) Ambuja won the "Zee Business Good Homes Awards" in the "Best Amongst Equals Brand" category.

28. CAUTIONARY STATEMENT

Statements in the Directors' Report and the Management Discussion and Analysis describing the Company's objectives, expectations or predictions, may be forward looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include: global and domestic demand and supply conditions affecting selling prices, new capacity additions, availability of critical materials and their cost, changes in government policies and tax laws, economic development of the country, and other factors which are material to the business operations of the Company.

29. ACKNOWLEDGEMENTS

Your Directors take this opportunity to express their deep sense of gratitude to the banks, Central and State governments and their departments and the local authorities for their continued guidance and support.

We would also like to place on record our sincere appreciation for the commitment, dedication and hard work put in by every member of the Ambuja family. To them goes the credit for the Company's achievements.

And to you, our Shareholders, we are deeply grateful for the confidence and faith that you have always reposed in us.

For and on behalf of the Board,

N. S. Sekhsaria
Chairman

Mumbai. 7th February, 2013

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Annexure - I

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN REPORT OF BOARD OF DIRECTORS) RULES, 1988

A) CONSERVATION OF ENERGY

(a) Energy Conservation Measures taken:

(1) Optimisation of Process & Equipments at Various Locations:

(i) Modification of various stages cyclones (Bhatapara, Rabriyawas)

(ii) Installation of Belt Bucket Elevator in place of aeropole for Raw Meal Silo feed. (Bhatapara)

(iii) Optimization of fuel mix. (Rabriyawas, Maratha, Ambujanagar)

(iv) Optimization of fans, bag filters & compressed air (Rabriyawas, Suli, Rauri, Dadri, Nalagarh)

(v) Installation of fuzzy logic control Cement Mill, Kiln and Cooler operation. (Bhatapara)

(vi) Modification & Optimization of raw mills, clinker cooler (Rabriyawas, Ambujanagar, Maratha, Rauri, Suli, Bhatapara)

(vii) Optimisation of cement mill and packing plant. (Roorkee, Nalagarh, Dadri)

(viii) Mechanised feeding system for Plastic Shredder. (Ambujanagar)

(ix) Maximise AFR usage by installation of AFR burnout chamber in SLC TA duct. (Rabriyawas)

(2) Installation of Speed Control Devices:

(i) Installation of Grid Rotor Resistance control in Bag house fan and AC drives in packing plant. (Dadri)

(ii) Installation of speed control devices like VVF drives in fans of various equipments. (Farakka, Sankrail, Bhatapara, Nalagarh, Bathinda, Suli)

(iii) SPRS Retrofitting from SLC Fan to Bag House Fan (Rabriyawas)

(3) Energy Conservation Measures for Plant & Township lighting:

(i) Installation of Light Emitting Diode (LED) and optimisation of lighting voltage. (Sankrail, Nalagarh, Maratha, Dadri)

(ii) Installation of lighting transformer. (Sankrail)

(iii) Transparent roof sheet in workshop to utilise day light. (Rabriyawas)

(4) Installation Of Energy Efficient Equipments:

(i) Installation of SPRS. (Rauri, Suli)

(ii) SPRS Retrofitting from SLC Fan to Bag House Fan (Rabriyawas)

(iii) Installation of less capacity compressor. (Dadri)

(iv) Installation of FRP fan impellor. (Bathinda)

(5) Solar and Wind Power Utilization:

(i) Solar lighting and heating system. (Nalagarh, Dadri, Roorkee)

(ii) 3*100 KW SVP solar energy plant. (Bhatapara)

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

(1) Optimization of Process &Equipments at various locations:

(i) Modification in ILC calciner and better yard management. (Rabriyawas)

(ii) Coal mill up gradation with Dynamic Separator, Separate Fly Ash Grinding and Blending System. (Ambujanagar)

(iii) Installation of Expert Optimiser for Gaj-1. (Ambujanagar)

(iv) Raw mix and fuel mix optimization. (Ambujanagar, Bhatapara and Rabriyawas)

(v) Energy audit and bag filter optimisation. (Roorkee, Rabriyawas)

(2) Installation of Speed Control Devices:

(i) Installation of VVF Drives in various equipments. (Dadri, Rabriyawas, Rauri, Suli, Farakka, Nalagarh, Bhatapara, Bathinda)

(3) Energy Conservation Measures for Plant & Township lighting:

(i) Two way belt, lighting arrangement for silo tunnel auto start / stop of HT Capacitor with HT motor from CCR. (Dadri)

(ii) Energy and compressed air audit for power consumption. (Farakka, Roorkee)

(iii) Installation of Capacitor Banks. (Bhatapara)

(iv) Tipping of Raw Mill Fan, Kiln inlet enlargement with inlet seal replacement & riser modification. (Rauri, Suli)

(4) Installation of Energy Efficient Equipments:

(i) SPRS Installation for raw mill, preheater fan, cooler fan, ESP fan, coal mill fan. (Dadri, Rabriyawas, Suli)

(ii) LED lighting system. (Dadri, Rabriyawas, Sankrail)

(iii) Replacement of cooler fans. (Rabriyawas, Suli)

(iv) Power Transmission Line to BCT-Muldwarka from Ambujanagar. (Ambujanagar)

(v) Sepa Fan impeller replacement. (Bathinda)

(5) Solar and Wind Power Utilization:

(i) Installing 80 KW solar plant. (Surat)

(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

Measures referred to in (a) will result in saving of ₹ 35.34 crores per annum. Measures referred to in (b) is expected to result in saving of ₹ 26.56 crores per annum.

(d) Total energy consumption and energy consumption per unit of production:

Information given in the prescribed Form-A annexed.

B) TECHNOLOGY ABSORPTION

Efforts made in technology absorption are given in prescribed Form-B annexed.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

(a) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products & services; and export plans:

In view of good growth in domestic demand and fall in international demand and prices, the Company has reduced its exports to 0.89 lacs tonnes of cement as against 3.28 lacs tonnes in the previous year. In terms of value, the exports during this year amounted to ₹ 26.87 crores (FOB) as against ₹ 76.94 crores (FOB) in the previous year.

(b) Total foreign exchange used and earned:

Category	**Current Year (₹ in crores)**	Previous Year (₹ in crores)
Used	881.32	552.43
Earned	53.34	72.00

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FORM - A

(See Rule 2)

Form for Disclosure of Particulars with respect to Conservation of Energy

		Current Year Jan to Dec 2012	Previous Year Jan to Dec 2011
A. POWER & FUEL CONSUMPTION			
1 Electricity *			
(a) Purchased			
Units (KWH) Crores		**65.82**	53.16
Total amount (₹ in Crores)		**341.91**	257.85
Rate / Unit (₹)		**5.19**	4.85
(b) Own Generation			
(i) Through DG Generator			
Net Units (KWH) Crores		**3.31**	5.61
Net Units / Ltr of LDO / Furnace Oil		**3.77**	3.77
LDO / Furnace Oil Cost / Unit Generated (₹)		**10.29**	8.94
(ii) Through Steam Generator			
Net Units (KWH) Crores #		**115.57**	120.01
Net Units / T of Fuel		**796**	764
Oil / Gas Cost / Unit		**3.84**	3.51
(iii) Through Wind Mill / Solar Power			
Net Units (KWH) Crores $		**1.21**	1.04
Net Units / T of Fuel		**NIL**	NIL
Oil / Gas Cost / Unit		**NIL**	NIL
2 Coal & Other Fuels			
Quantity (Million K. Cal)		**11643842**	10869166
Total Cost (₹ in Crores)		**1354**	1124
Average Rate (₹ / Million K.Cal)		**1162.99**	1034.02
3 Light Diesel Oil / HSD			
Quantity (K.Litres)		**2577.05**	3299.15
Total Cost (₹ in Crores)		**11.01**	13.38
Average Rate (₹ / K.Litre)		**42742**	40546
4 Others / Internal Generation			
Quantity		**NIL**	NIL
Total Cost		**NIL**	NIL
Rate / Unit		**NIL**	NIL
B. CONSUMPTION PER UNIT OF PRODUCTION	**Industry Norms**		
Electricity (KWH / T of Cement) **	100	**80.9**	82.6
LDO (Ltr / T of Clinker)	N.A.	**0.15**	0.22
Coal & Other Fuels (K.Cal / Kg of Clinker)	800	**736**	739

* Total power consumed includes 0.10 Crore kwh consumed for Capital Work in progress for project work (previous year 0.34 Crore kwh) and also for distribution activities 0.70 crore kwh. (previous year 0.70 crore kwh)

** Does not include Electricity consumed in residential colony which is 0.58 kwh / tonne of cement. (previous year 0.63 kwh / Tonne of cement). Total specific power consumption has been reworked due to change in allocation method of indirect power, previous year's figure has also been restated accordingly.

\# Includes 0.14 crore units of TG-power sold. (previous year 3.21 crore units)

$ Includes 0.08 crore units of Wind Mill power sold. (previous year 0.19 crore units)

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FORM - B

(See Rule 2)

Form for disclosure of particulars with respect to Technology Absorption

A. RESEARCH AND DEVELOPMENT (R&D)

1) Specific areas in which R & D carried out by the Company:

a. Developing technology for utilization of industrial waste plastics, Vacuum cleaning machine - to reduce fugitive emission. (Maratha)

b. Imported & indigenous gypsum mix Optimization. (Bathinda)

c. Trials with grinding aid. (Maratha)

2) Benefits derived as a result of above R & D:

a. Closed system to eliminate dust and other contaminants, reduction in CO2 emission by sequestration.

b. Increase TSR%, Reduction in fugitive emission.

c. Reduction in clinker factor, Increase in product quality and reduction in production cost.

3) Future plan of action:

a. Trial for grinding aids. (Surat, Bathinda)

b. Development of techniques for utilizing industrial waste like plastics in kilns. (Ambujanagar, Maratha)

c. Upgradation & installation of energy efficient equipments.

4) Expenditure on R&D

	Current Year 31.12.2012 (₹ Crores)	Previous Year 31.12.2011 (₹ Crores)
Capital Expenditure	**1.25**	0.50
Recurring Expenditure	**0.02**	0.27
Total Expenditure	**1.27**	0.77
Total R & D expenditure as a percentage of total turnover	**0.01%**	0.01%

B. TECHNOLOGY ABSORPTION, ADAPTION & INNOVATION

1) Efforts, in brief, made towards Technology Absorption, Adaption and Innovation:

a. Modification and automation in bulk loading system. (Surat, Rauri, Suli, Sankrail, Bathinda)

b. Modification in Raw Mill systems like Dorol initiatives and DALOG. (Bhatapara, Suli, Ambujanagar)

c. Installation of Laboratory Information Management System. (Rabriyawas, Maratha, Ambujanagar)

d. Installation of New AFR lab for testing of various AFR and En-Mass conveyor for AFR feeding to ILC and SLC Preheater. (Rabriyawas)

e. Usage of Thermal Imaging Camera for determining hot spots. (Rauri, Suli)

f. Simulator based training centre for Automation. (Rauri)

g. Wireless communication system for operation of water supply pumps. (Suli)

h. Water heating system from Kiln shell radiations. (Suli)

i. Replacement of helium gas based XRF machine by XRF SPECTRO IQ II (multi Channel). (Sankrail)

j. Installations of UPS 20 KVA, suspended type weigh feeders, Automated Grinding aid feeding system, Dozco. (Sankrail)

k. Implementation of technical Information system, Cement Mill Expert system, 3x100 KW SVP Solar Energy Plant. (Bhatapara)

l. Adoption of patented "KFP" technology for rainwater harvesting / recharging at site. (Bathinda)

m. Installation of new technology bag filter - Torit power core filter pack. (Bathinda)

2) Benefits derived as a result of the above efforts in the year 2012

a. Improved operational efficiencies, equipment reliability, productivity and quality.

b. Reduction in manufacturing cost, increase safety and protection of environment.

3) Information regarding Technology Imported during last 5 years

a. Modification in packing plants like bag printing machine, increase in spouts etc. (Surat, Rabriyawas, Maratha, Farakka)

b. Installation of Silo-level sensor. (Surat)

c. Installation of Coriolis fine coal feeding system. (Rabriyawas, Ambujanagar)

d. Replacement of reverse air bag house to jet pulse filters, MF HRB -12 for clinker crushing to hammer crusher New Duo flex Burner. (Rabriyawas)

e. Installation of 500 TPD Synthetic Gypsum Manufacturing plant, VVVF drives on various equipments. (Rabriyawas)

f. Installation of Continuous emission monitoring system (Maratha, Bhatapara line 1 and 2, Ambujanagar) and Particle size analyzer. (Maratha, Farakka, Bathinda)

g. Rota scale for PC firing. (Maratha)

h. Installation of Hot Air Generator and High mast tower lighting. (Farakka)

i. PLC is upgraded by FLS automation to get all type of trends of equipments, required for proper analysis. (Sankrail)

j. Existing ESP of Cement Mill-I & II converted into Hybrid ESP. (Bhatapara)

k. Installation of PGNAA. (Rabriyawas, Bhatapara line 1 and 2)

l. Commissioned Mechanical kiln monitoring system, sound level sensor. (Bhatapara Line 1 and 2, Ambujanagar)

m. Installation of Pfister system for Kiln Feed system and Coal firing system. (Bhatapara)

n. Installation of VRPM and Technical Information system. (Bhatapara)

o. Replacement of existing conventional burner pipe with third generation Multi Channel Burner (Novaflam from Fives Pillard). (Bhatapara)

p. Fuzzy Logic High level control. (Bhatapara line-1, Roorkee)

q. Installation of Bag house IPO Raw Mill ESP, Conversion of 2 Fan to 3 Fan systems. (Bhatapara)

r. Installation of Kiln shell scanner, Kiln feed actuator, x-ray analyser. (Ambujanagar)

s. Installation of DALOG System. (Ambujanagar, Bhatapara line - 1 and 2)

t. Variable speed travel cage and oxy acetylene cutting machine. (Ambujanagar)

u. Microscope for clinker quality improvement. (Ambujanagar)

v. Procurement of thermal imager-Condition monitoring tool, vibration analyzer, laser alignment tool. (Bathinda)

w. Grid Rotor Resistance for bag House Fan Instead of Liquid Resistance Starter. (Nalagarh)

x. Online Filtration machine installed in VRM gear Box and Hydraulic Tipplers. (Nalagarh)

y. TPS Machine for Cleaning the Packing plant. (Nalagarh)

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Report on Corporate Governance

The Directors' Report on the compliance of the Corporate Governance Code is given below.

1. Corporate Governance

1.1 Company's Philosophy on Corporate Governance:

At Ambuja Cements, Corporate Governance has been an integral part of the way we have been doing our business since inception. We believe that good Corporate Governance emerges from the application of the best and sound management practices and compliance with the laws coupled with adherence to the highest standards of transparency and business ethics. These main drivers, together with the Company's ongoing contributions to the local communities through meaningful "Corporate Social Responsibility" initiatives will play a pivotal role in fulfilling our renewed vision to be the most sustainable and competitive company in our industry and our mission to create value for all our stakeholders.

The Company places great emphasis on values such as empowerment and integrity of its employees, safety of the employees & communities surrounding our plants, transparency in decision making process, fair & ethical dealings with all, pollution free clean environment and last but not the least, accountability to all the stakeholders. These practices being followed since the inception have contributed to the Company's sustained growth. The Company also believes that its operations should ensure that the precious natural resources are utilized in a manner that contributes to the "Triple Bottom Line".

1.2 The Governance Structure:

Ambuja's governance structure is based on the principles of freedom to the executive management within a given framework to ensure that the powers vested in the executive management are exercised with due care and responsibility so as to meet the expectation of all the stakeholders. In line with these principles, the Company has formed three tiers of Corporate Governance structure, viz.:

(i) The Board of Directors - The primary role of the Board is to protect the interest and enhance value for all the stakeholders. It conducts overall strategic supervision and control by setting the goals & targets, policies, reporting mechanism & accountability and decision making process to be followed.

(ii) Committees of Directors - such as Audit Committee, Compliance Committee, Capex Committee etc. are focused on financial reporting, audit & internal controls, compliance issues and critical assessment & review of large capex.

(iii) Executive Management – The entire business including the support services are managed with clearly demarcated responsibilities and authorities at different levels.

(a) Executive Committee - The Executive Committee comprises of the Managing Director, the CEO, the Business Heads and certain Corporate Functional Heads. This committee is a brain storming committee where all important business issues are discussed and decisions are taken. This Committee reviews and monitors monthly performances, addresses challenges faced by the business, draws strategies and policies and keep the Board informed about important developments having bearing on the operational and financial performance of the Company.

(b) Managing Director - The Managing Director is responsible for achieving the Company's vision and mission, overall business strategies, new projects, acquisitions, significant policy decisions and all the critical issues having significant business & financial implications. He also ensures implementation of the decisions of the Board of Directors and its various Committees. He reports to the Board of Directors.

(c) CEO - the CEO is responsible for the entire operations of all the regions and for the overall performance and growth of the Company. He provides strategic directions, policy guidelines and extends support to the Executive Committee Members and other Functional Heads. He reports to the Managing Director.

(d) Business Heads - With a view to decentralize the powers and responsibilities and to build leaders, the business operations have been divided into three regions, viz. (i) North, (ii) West & South and (iii) East. Each region is headed by a Business Head, who is responsible for the day to day business and related functions within their respective regions. The Business Heads report to the CEO.

(e) Unit Heads - Unit Head is responsible for operation and maintenance of the plant as well as for all the other functions at the respective plant locations, including all local issues and compliances as may be applicable. He reports to the Business Head.

2. Board of Directors

2.1 Composition:

The Company has a very balanced structure of the Board of Directors, which primarily takes care of the business needs and stakeholders' interest. The composition of the Board also complies with the provisions of the Companies Act, 1956 and the Listing Agreement.

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As at the end of corporate financial year 2012, the total Board strength comprises of the following:

Independent Directors (including Chairman)	8
Non Independent Directors (non executive)	3
Managing Director	1
Total Strength	12

None of the directors is a director in more than 15 public companies and member of more than 10 committees or act as Chairman of more than 5 committees across all companies in which they are directors. Directors are appointed or re-appointed with the approval of the shareholders and shall remain in office in accordance with the retirement policy as laid down by the Board from time to time. The Managing Director and all the non-executive directors are liable to retire by rotation unless otherwise specifically approved by the shareholders.

The Non-executive Directors including Independent Directors on the Board are experienced, competent and highly renowned persons from their respective fields. They take active part at the Board and Committee Meetings and play critical role on strategic issues, which enhances the transparency and add value in the decision making process of the Board of Directors.

The brief profile of each Director is given below:

(i) Mr. N. S. Sekhsaria (Non-Executive Chairman Independent)

Mr. Sekhsaria is a doyen of the Indian Cement Industry and one of the most respected business personalities in India. In a career spanning over 32 years, he has introduced new standards in manufacturing, management, marketing efficiency and corporate social responsibility to an industry he has helped transform.

A first generation industrialist, Mr. Sekhsaria, holds a Bachelor's Degree with honours and distinction in Chemical Engineering, from the University of Bombay. As a founder promoter of Ambuja Cement he was the Chief Executive & Managing Director of the Company since its inception in April 1983 till January 2006. Mr. Sekhsaria relinquished the post of Managing Director and was appointed as Non-executive Vice Chairman when the management control was transferred to Holcim. In September 2009, he was appointed as Non-executive Chairman after Mr. Suresh Neotia relinquished the post of Chairman.

Mr. Sekhsaria built Ambuja Cement into the most efficient and profitable cement Company in India. He has been instrumental in creating and developing a result-oriented management team. His extraordinary business model for the Company was centred on continually fine-tuning efficiencies and upgrading facilities to meet increased competition and the ever growing challenges in the Cement Industry.

Mr. Sekhsaria also re-defined the industry practices by turning cement from a commodity into a brand, bringing cement plants closer to cement markets and linking plants to lucrative coastal markets by setting up ports and a fleet of bulk cement ships for the first time in India. During his tenure as a founder promoter, the Company grew from 0.7 million tonne capacity to 15 million tonnes, from one location foot print to a pan-India Company which set the bench mark for the Cement Industry across every significant business parameters. The market capitalisation of the Company also increased from the original ₹18 crores in the year 1985 to about ₹14,000 crores. These achievements from a first generation industrialist in such a short span speaks volume of vision, business acumen and leadership qualities of Mr. Sekhsaria.

(ii) Mr. Paul Hugentobler (Non-Executive Vice Chairman - Promoter Director representing Holcim Ltd., Non Independent)

Mr. Hugentobler, a Swiss national, obtained a degree in civil engineering from the Swiss Federal Institute of Technology, ETH, Zurich, and a degree in economic science from the University of St. Gallen. He joined Holcim Group Support Limited in 1980 as Project Manager and in 1994 was appointed Area Manager for Holcim Limited. During 1999-2000, he served as CEO of Siam City Cement, Thailand. He has been a Member of the Executive Committee of Holcim since January 2002 with responsibility for South Asia and ASEAN excluding Philippines.

He joined the Board in May 2006. In September 2009 he was made Non-executive Vice Chairman.

(iii) Mr. Bernard Fontana (Non-Executive Promoter Director representing Holcim Ltd., Non Independent w.e.f. 10.02.2012)

Mr. Fontana, a French national, holds a degree in Engineering from the Ecole Polytechnique and the Ecole Nationale Superieure des Techniques Avancees in Paris. He began his career with Groupe SNPE in France where he held various positions including the head of its US operations and the member of the Group Executive Committee. In the year 2004 he joined Arcelor Mittal where he was given the responsibility for HR, IT and Business Development at Flat Carbon division. From 2006 to 2010 he was a member of the Management Committee of Arcelor Mittal with responsibility for the Automotive Worldwide Business Unit and then Group HR. In the year 2010 he was appointed the CEO of Aperam, a company spun off from Arcelor Mittal.

He was appointed as the CEO of Holcim Ltd. from 1st February, 2012.

He joined the Board in February, 2012.

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(iv) Mr. M. L. Bhakta (Non-Executive, Independent Director)

Mr. Bhakta is a Senior Partner of Messrs Kanga & Company, a leading firm of Advocates and Solicitors in Mumbai. He has been in practice for over 56 years and has vast experience in the legal field and particularly on matters relating to corporate laws, banking and taxation.

During his long career Mr. Bhakta has been Joint Honorary Secretary and later one of the Vice Presidents of the Income Tax Appellate Tribunal Bar Association, director of Bennet, Coleman & Co. Ltd., Larsen & Toubro Ltd., SKF Bearings Ltd., Kirloskar Oil Engines Ltd. and many other leading companies. Presently, he is on Board of several large corporates including Reliance Industries Ltd.

He is recipient of Rotary Centennial Service Award for Professional Excellence from Rotary International. He is listed as one of the leading lawyers of Asia for five consecutive years from 2006 to 2010 and again for the sixth consecutive year in 2011 by Asialaw, Hong Kong.

He joined the Board in September 1985.

(v) Mr. Nasser Munjee (Non-Executive, Independent Director)

Mr. Munjee holds a Bachelor's and Master's degree from the London School of Economics, U.K. His journey in creating financial institutions began with HDFC, whom he has been assisting since its inception in February 1978. In March 1993, he joined the Board of HDFC as Executive Director on which he continues to be along with 14 other companies. Mr. Munjee has deep interest for rural development, housing finance, urban issues, specially the development of modern cities and humanitarian causes. He is also the Chairman of Development Credit Bank and of two other Aga Khan institutions in India. He was the President of the Bombay Chamber of Commerce and Industry – the city's oldest Chamber of Commerce and he has served on numerous Government Task Forces on Housing and Urban Development. He has been awarded as the "Best Non-Executive Independent Director 2009" by Asian Centre for Corporate Governance (ACCG).

He joined the Board in August 2001.

(vi) Mr. Rajendra Chitale (Non-Executive, Independent Director)

Mr. Chitale, an eminent Chartered Accountant, is the Managing Partner of M/s M. P. Chitale & Associates, a leading boutique international structuring, tax and legal advisory firm. He is a member of the Insurance Advisory Committee of the Insurance and Regulatory Authority of India, and has served as a member of the Company Law Advisory Committee, Government of India, the Takeover Panel of the Securities & Exchange Board of India, the Advisory Committee on Regulations of the Competition Commission of India, and the Maharashtra Board for Restructuring of State Enterprises, Government of Maharashtra. He has served on the board of Life Insurance Corporation of India, Unit Trust of India, Small Industries Development Bank of India, National Stock Exchange of India Ltd., and SBI Capital Markets Ltd. He is on the Board of several large corporates.

He joined the Board in July 2002.

(vii) Mr. Shailesh Haribhakti (Non-Executive, Independent Director)

A Fellow Chartered Accountant and Cost Accountant, Mr. Shailesh Haribhakti is a Certified Internal Auditor, Financial Planner & Fraud Examiner. During a career span of four decades, he has successfully established and led many innovative services. His current passion involves Outsourcing of Knowledge Processes, Engaged Investing and efficiency & effectiveness enhancement in Social, Commercial and Governmental Organizations. He strongly believes in 'Shared Value' creation, good public and corporate governance and promoting a green environment. He actively promotes these causes, and contributes towards their evolution by participating in the process of framing regulations and standards.

He is on the Board of Directors of several listed and private companies.

He joined the Board in May 2006.

(viii) Dr. Omkar Goswami (Non-Executive, Independent Director)

Dr. Goswami, a professional economist, did his Master's in Economics from the Delhi School of Economics and his D. Phil (Ph.D.) from Oxford University. He taught and researched economics for 19 years at various reputed universities in India and abroad. During a career spanning over 31 years, he has been associated as advisor to several Government committees and international organizations like the World Bank, the OECD, the IMF and the ADB. He has also served as the Editor of "Business India", one of India's prestigious business magazines and as the Chief Economist of the Confederation of Indian Industry. Dr. Goswami is the Founder and Executive Chairman of CERG Advisory Pvt. Ltd., which is engaged in corporate advisory and consulting services for companies in India and abroad. He is also on the Board of several large corporates.

He joined the Board in July 2006.

(ix) Mr. Naresh Chandra (Non-Executive, Independent Director)

Mr. Naresh Chandra is a postgraduate in mathematics from Allahabad University. He was a distinguished

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member of the Indian Administrative Service (IAS) & former Cabinet Secretary to the Government of India and has held various important positions including that of Governor of the State of Gujarat and India's Ambassador to the United States of America. He was also the Chairman of Corporate Governance Committee instituted by the Government of India. In the year 2007, he was honoured with Padma Vibhushan by the Government of India. He is a Director on the Board of ACC and several other reputed companies.

He joined the Board in July 2008.

(x) Mr. Haigreve Khaitan (Non-Executive, Independent Director w.e.f. 27.07.2012)

Mr. Khaitan is a law graduate and is a Partner of reputed law firm, Khaitan & Co. He started his career in litigation and has over the years been involved in many Mergers & Acquisitions and private equity transactions, as well as project finance transactions. He has rich experience in all aspects of Mergers & Acquisitions, Corporate Restructuring, Demergers, Spin-offs, Sale of Assets, Foreign Investments, Joint Ventures and Foreign Collaborations. He advises a range of large Indian conglomerates and multinational clients in various business sectors including infrastructure, power, telecom, automobiles, steel, software and information technology, retail, etc.

IFLR 1000 has recommended him as one of the leading lawyers in India. Asialaw Leading Lawyers 2008 / 2009 has also voted him as the leading lawyer for Project Finance. He is on the Board of some of the large public listed companies.

He joined the Board in July, 2012.

(xi) Mr. B.L. Taparia (Non-Executive, Non – Independent Director w.e.f. 01.09.2012)

Mr. Taparia is a Commerce and Law graduate and a fellow member of the Institute of Company Secretaries of India. He is having more than 40 years of experience in the fields of Legal, Secretarial, Accounts, Finance, HR, Health & Safety, Sustainability. He joined the Company in the year 1983 as Deputy Company Secretary and after working in different positions in the Company including as a Whole-time Director from the year 1999 to 2009. Mr. Taparia superannuated from the Company in July 2012 as Company Secretary and Corporate Sustainability Officer.

Looking at his vast and rich experience and his long association with the Company, Mr. Taparia was appointed on the Board as Non-Executive, Non – Independent Director w.e.f. 1st September, 2012.

(xii) Mr. Onne van der Weijde (Promoter Director representing Holcim Ltd., Managing Director, Non Independent)

Mr. Onne, a Dutch national, holds a Bachelors' degree in Economics & Accounting from Rotterdam, the Netherlands and a Master's degree in Business Administration from the University of Bradford, UK. In the year 1996 he joined Holcim and after holding various positions, he was appointed Director and General Manager for Holcim (India) Pvt. Ltd. in March 2005. He was the CFO of ACC for around 2 years during 2006-2008. He possesses more than 16 years of experience in cement industry including 8 years in Indian cement industry. Recently Holcim Ltd. has given him additional responsibility by appointing him as the Area Manager and a member of its Senior Management Team.

He joined the Board in January 2009.

2.2 Meetings, agenda, attendance & proceedings etc. of the Board Meeting:

Meetings:

The Board generally meets 5 times during the year. The yearly calendar of the meetings is finalized before the beginning of the year. Additional meetings are held when necessary. During the year ended on 31st December, 2012 the Board of Directors had 5 meetings. These were held on 9th February, 2012, 19th April, 2012, 26th July, 2012, 18th October 2012 and 13th December, 2012. The attendance of the Directors at the Board meeting is given elsewhere in this section.

Agenda:

All the meetings are conducted as per well designed and structured agenda. All the agenda items are backed by necessary supporting information and documents to enable the Board to take informed decisions. Agenda also includes minutes of the meetings of all the Board Committees and Subsidiaries for the information of the Board. Additional agenda items in the form of "Other Business" are included with the permission of the Chairman. Agenda papers are generally circulated seven days prior to the Board Meeting.

Invitees & Proceedings:

Apart from the Board members, the Company Secretary, the Business Heads and the CFO are invited to attend all the Board Meetings. Other senior management executives are called as and when necessary, to provide additional inputs for the items being discussed by the Board. The CFO makes presentation on the quarterly and annual operating & financial performance and on annual operating & capex budget. The Managing Director, Business Heads and other senior executives make presentations on capex proposals & progress, operational health & safety and other business issues. The Chairman of various Board Committees

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brief the Board on all the important matters discussed & decided at their respective committee meetings, which are generally held prior to the Board meeting.

Post Meeting Action:

Post meetings, all important decisions taken at the meeting are communicated to the concerned officials and departments. Action Taken Report is prepared and reviewed periodically by the Company Secretary for the action taken / pending to be taken.

Attendance at the Board and Annual General Meeting

The last Annual General Meeting (AGM) was held on 27th March, 2012. The attendance record of the Directors at the Board Meetings during the year ended on 31st December, 2012, and at the last AGM is as under:-

Sr. No.	Name of Director	Category	No. of Board Meetings attended	Attendance at last AGM
1.	Mr. N. S. Sekhsaria	Chairman Non Executive, Independent	5	Yes
2.	Mr. Paul Hugentobler	Vice Chairman Non Executive, Non Independent	5	Yes
3.	Mr. Markus Akermann (upto 27.03.2012)	Non-Executive, Non Independent	1	No
4.	Mr. Bernard Fontana (w.e.f. 10.02.2012)	Non-Executive, Non Independent	2	No
5.	Mr. M. L. Bhakta	Non-Executive, Independent	5	Yes
6.	Mr. Nasser Munjee	Non-Executive, Independent	5	No
7.	Mr. Rajendra Chitale	Non-Executive, Independent	3	Yes
8.	Mr. Shailesh Haribhakti	Non-Executive, Independent	5	Yes
9.	Dr. Omkar Goswami	Non-Executive, Independent	5	No
10.	Mr. Naresh Chandra	Non-Executive, Independent	4	No
11.	Mr. Haigreve Khaitan (w.e.f. 27.07.2012)	Non Executive, Independent	2	NA
12.	Mr. B.L. Taparia (w.e.f. 01.09.2012)	Non Executive, Non Independent	2	NA
13.	Mr. Onne van der Weijde	Managing Director, Non Independent	5	Yes

2.3 Other Directorships etc.:

The details of the Directorships, Chairmanships and the Committee memberships in other Companies (excluding Private Limited Companies, Foreign Companies and section 25 Companies) held by the Directors as on 31st December, 2012, are given below:-

Sr. No.	Name of the Directors	No. of other Directorships	Chairman of the Board	Committee Member		Chairman of the Committee (Mandatory)
				Mandatory	Non-Mandatory	
1.	Mr. N. S. Sekhsaria	2	1	-	1	-
2.	Mr. Paul Hugentobler	3	-	2	2	1
3	Mr. Bernard Fontana	1	-	-	-	-
4.	Mr. M. L. Bhakta	5	-	5	2	-
5.	Mr. Nasser Munjee	14	3	9	23	5
6.	Mr. Rajendra P. Chitale	7	-	4	3	2
7.	Mr. Shailesh V. Haribhakti	12	2	9	-	4
8.	Dr. Omkar Goswami	10	-	10	13	4
9.	Mr. Naresh Chandra	11	-	9	-	1
10.	Mr. B.L. Taparia	1	-	-	-	-
11.	Mr. Haigreve Khaitan	14	-	10	7	-
12.	Mr. Onne van der Weijde	1	-	-	-	-

The number of Directorships, Chairmanships and Committee memberships of each Director is in compliance with the relevant provisions of the Companies Act, 1956 and the Listing Agreement.

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2.4 Compensation and Remuneration:

Remuneration to Directors:

(a) The remuneration of the Managing Director is decided based on the Company's size, industry practice, current trend and the overall performance of the Company. The Nomination and Remuneration Committee of Directors submits its recommendation to the Board, which after consideration approves the remuneration payable to the Managing Director (which also includes the annual increments and performance bonus) within the overall limits prescribed under the Companies Act, 1956. Approval of the shareholders is obtained wherever required.

(b) The Non-Executive Directors are paid sitting fees of ₹ 20,000/- per meeting for attending the Board and Audit Committee meetings and ₹ 10,000/- per meeting for attending other committee meetings, except Share Transfer Committee, for which no sitting fees is paid.

In addition to the sitting fees, the Company also pays commission to the Non-executive Directors for their overall engagement and contribution for the Company's business. The Commission is paid on a uniform basis to reinforce the principle of collective responsibility. Accordingly, the Company has provided for payment of commission of ₹ 13 lacs to each of the Non-Executive Directors who were in office for the whole of the financial year 2012 and on pro-rata basis to those who were in office for part of the year. Considering the accountability and the complexities of issues handled by the Audit and Compliance Committees respectively, the Company has provided additional commission of ₹ 9 lacs for each of the Non-Executive Member Directors of the Audit Committee and Compliance Committee who were in office for the whole of the financial year 2012 and on pro-rata basis to those who were in office for part of the year. The maximum commission payable to each Non-Executive Director has however been capped at ₹ 22 lacs per Director. Apart from sitting fees and commission, Mr. B.L. Taparia, shall also be paid a remuneration of ₹ 18 lacs for the advisory services rendered by him to the Company for the period November – December, 2012. The remuneration shall be paid upon receipt of the Central Government's approval, for which necessary application has been filed as required under the Companies Act, 1956.

None of the Directors hold any convertible instruments.

The details of remuneration, sitting fees, performance bonus, and commission paid to each of the Directors during the year ended on 31st December, 2012 are given below:-

Sr. No.	Name of the Directors	Remuneration (₹)	Sitting Fees (₹)	Commission (₹)	No. of shares held
1.	Mr. N. S. Sekhsaria	Nil	1,40,000	13,00,000	1,000
2.	Mr. Markus Akermann	Nil	20,000	3,09,016	Nil
3.	Mr. Bernard Fontana	Nil	40,000	11,57,923	Nil
4.	Mr. Paul Hugentobler	Nil	3,20,000	22,00,000	Nil
5.	Mr. M. L. Bhakta	Nil	4,40,000	22,00,000	2,25,000
6.	Mr. Nasser Munjee	Nil	1,40,000	13,00,000	Nil
7.	Mr. Rajendra P. Chitale	Nil	2,90,000	22,00,000	Nil
8.	Mr. Shailesh Haribhakti	Nil	4,00,000	22,00,000	Nil
9.	Dr. Omkar Goswami	Nil	1,50,000	22,00,000	Nil
10.	Mr. Naresh Chandra	Nil	1,20,000	22,00,000	Nil
11.	Mr. Haigreve Khaitan	Nil	40,000	5,61,202	
12.	Mr. B.L. Taparia	18,00,000	70,000	7,34,251	3,42,250
13.	Mr. Onne van der Weijde, Managing Director*	3,69,75,898	–	–	Nil
	TOTAL	3,87,75,898	21,70,000	1,85,62,392	5,68,250

*Appointment of Managing Director is governed by a service contract for a period of 5 years and the notice period of 3 months.

Note: Remuneration of Managing Director includes basic salary, performance bonus, allowances, contribution to provident, superannuation and gratuity funds and perquisites (including monetary value of taxable perquisites) etc. and excludes shares worth ₹ 0.18 Crore (31.12.2011 – ₹ 0.13 Crore) allotted as a non-monetary perquisite by Holcim Ltd., Switzerland, the ultimate Holding Company.

2.5 Code of Conduct:

The Board of Directors has laid down a Code of Conduct for Business and Ethics (the Code) for all the Board members and all the employees in the management grade of the Company. The Code covers amongst other things the Company's commitment to honest & ethical personal conduct, fair competition, corporate social responsibility, sustainable environment, health & safety, transparency and compliance of laws &

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regulations etc. The Company believes in "Zero Tolerance" to bribery and corruption in any form and in line with our governance philosophy of doing business in most ethical and transparent manner, the Board has laid down an Anti Bribery and Corruption Directives, which is embedded to the Code. The Code of Conduct is posted on the website of the Company.

All the Board members and senior management personnel have confirmed compliance with the code. A declaration to that effect signed by the Managing Director is attached and forms part of the Annual Report of the Company.

2.6 Prevention of Insider Trading Code:

As per SEBI (Prevention of Insider Trading) Regulation, 1992, the Company has adopted a Code of Conduct for Prevention of Insider Trading. All the Directors, employees at senior management level and other employees who could have access to the unpublished price sensitive information of the Company are governed by this code. The Company has appointed Mr. Rajiv Gandhi, Company Secretary as Compliance Officer who is responsible for setting forth procedures and implementation of the code for trading in Company's securities. During the year under review there has been due compliance with the said code.

3. Audit Committee

3.1 Composition:-

The Audit Committee comprises of the following members

1.	Mr. Shailesh Haribhakti	–	Chairman
2.	Mr. M. L. Bhakta	–	Member
3.	Mr. Paul Hugentobler	–	Member
4.	Mr. Rajendra P. Chitale	–	Member

Mr. Rajiv Gandhi, Company Secretary acts as secretary to the committee. All the members of the Audit Committee are Non-Executive Directors and except Mr. Paul Hugentobler, all are Independent Directors. They possess sound knowledge on accounts, audit, finance, taxation, internal controls etc.

3.2 Invitees / Participants:-

1. The Managing Director and Mr. B.L. Taparia are the permanent invitees to all Audit Committee meetings.
2. Head of Internal Audit department attends all the Audit Committee Meetings as far as possible and briefs the Committee on all the points covered in the Internal Audit Report as well as the other issues that come up during discussions.
3. The representatives of the Statutory Auditors have attended all the Audit Committee meetings held during the year.
4. The representatives of the Cost Auditors have attended 1 Audit Committee Meeting when the Cost Audit Report was discussed.
5. The CEO, the Business Heads and the CFO also attend Committee meetings to provide inputs on issues relating to internal audit findings, internal controls, accounts, taxation, risk management etc.
6. The Committee also invites the representatives of Holcim group's internal audit department to attend the Audit Committee meetings for getting their valuable support and guidance on the international best practices in internal audit and strengthening of internal controls.

3.3 Meetings:-

The Audit Committee during the year ended on 31st December, 2012 had 7 meetings. The attendance of each Committee member was as under:-

Sr. No.	Name of the Directors	No. of Meetings attended
1.	Mr. Shailesh Haribhakti	7
2.	Mr. M. L. Bhakta	7
3.	Mr. Rajendra P. Chitale	6
4.	Mr. Paul Hugentobler	6

Mr. Shailesh Haribhakti, the Chairman of the Audit Committee was present at the last Annual General Meeting to answer the shareholders queries.

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3.4 Private Meetings:-

In order to get the inputs and opinions of the Statutory Auditors and the Internal Auditors, the Committee also held one separate one-to-one meeting during the year with the Statutory Auditor and Head of Internal Audit department without the presence of the Managing Director and management representatives.

3.5 Terms of Reference:-

The terms of reference of the Audit Committee are as per the guidelines set out in the listing agreement with the stock exchanges read with section 292A of the Companies Act. These broadly include (i) approval of annual internal audit plan, (ii) review of financial reporting systems, (iii) review of internal control systems, (iv) discussions on quarterly, half yearly and annual financial results, (v) interaction with statutory, internal & cost auditors, (vi) recommendation for appointment of statutory & cost auditors and their remuneration and (vii) the risk management framework concerning the critical operations of the Company.

In addition to the above, the Audit Committee also reviews the following:

(a) Management's Discussions and Analysis of Company's operations,

(b) Periodical Internal Audit Reports,

(c) Fraud Risk Management Committee's Reports,

(d) Findings of any special investigations carried out either by the Internal Auditors or by the external investigating agencies,

(e) Letters of Statutory Auditors to management on internal control weakness, if any,

(f) Appointment, removal and terms of remuneration of Chief Internal Auditor, Statutory Auditor and the Cost Auditor,

(g) Significant related party transactions,

(h) Quarterly and annual financial statements including investments made by the subsidiary companies.

(i) Major non routine transactions recorded in the financial statements involving exercise of judgment by the management.

3.6 Other Matters:-

1. The Audit Committee has framed its Charter for the purpose of effective compliance of clause 49 of the listing agreement. The Charter is reviewed by the Committee annually and necessary amendments as may be required are made in it from time to time.

2. In view of large number of laws & regulations applicable to the Company's business, their complexities and the time required for monitoring the compliances, the task of monitoring and review of legal & regulatory compliances has been assigned to a separate committee of directors called as the "Compliance Committee" under the chairmanship of Mr. Shailesh Haribhakti, Independent Director. The composition and the scope / function of Compliance Committee are given under point no. 4 of this report.

4. Compliance Committee

With the rapid growth of business and its complexities coupled with increasing regulatory compliances, the Board felt it necessary to have zero non compliance regime for sustainable business operations. With this object, a structured mechanism for ensuring full compliance of various statutes, rules & regulations has been put in place and a separate Committee of Directors by the name "Compliance Committee" has been constituted by the Board. The Committee consists of the members as stated below. During the year 2012 the Committee held 7 meetings which were attended by the members as under:-

Sr. No.	Name of the Directors	Category	No. of Meetings attended
1.	Mr. Shailesh Haribhakti, Chairman	Independent Director	7
2.	Dr. Omkar Goswami	Independent Director	5
3.	Mr. Naresh Chandra	Independent Director	4
4.	Mr. Paul Hugentobler	Non Independent Director	5
5.	Mr. B.L. Taparia (w.e.f. 01.11.2012)	Non Independent Director	1
6.	Mr. Onne van der Weijde	Managing Director	7

The CEO, the CFO and the Head of Legal department are the Permanent Invitees to all the Compliance Committee meetings. Company Secretary acts as the Secretary to the Committee.

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The terms of reference of the Committee are to:

a. periodically review the Legal Compliance Audit report of various Units / Department submitted by the Corporate Legal Department;

b. suggest taking necessary corrective actions for non compliance, if any;

c. specifically review and confirm that all the requirements of Competition Law are fully complied with;

d. review the significant amendments in the laws, rules & regulations;

e. review the significant legal cases filed by and against the Company;

f. review the judgments of various court cases not involving the Company as a litigant but having material impact on the Company's operations;

g. periodically review the Code of Business Conduct & Ethics and Code of Conduct for prevention of Insider Trading.

The Legal and Corporate Secretarial departments provides 'backbone' support to all the business segments in timely compliance of all the applicable laws, rules & regulations by putting in place the robust compliance mechanism with adequate checks & balances and thus facilitates the management in practicing the highest standards of Corporate Governance.

The Compliance Committee on its part gives valuable guidance to ensure full compliance of all significant laws, rules & regulations and policies as may be applicable to the Company.

5. Nomination and Remuneration Committee (formerly Compensation and Remuneration Committee)

The Nomination & Remuneration Committee comprises of the members as stated below. The Committee during the year ended on 31st December, 2012 had 4 meetings. The attendance of the members was as under:-

Sr. No.	Name of the Directors	Category	No. of Meetings attended
1.	Mr. M. L. Bhakta, Chairman	Independent Director	4
2.	Mr. N. S. Sekhsaria	Independent Director	4
3.	Mr. Nasser Munjee	Independent Director	3
4.	Mr. Shailesh Haribhakti	Independent Director	4
5.	Mr. Paul Hugentobler	Non Independent Director	4

The Managing Director and the CEO are the permanent invitees to all the Nomination & Remuneration Committee meetings. Company Secretary acts as the Secretary to the Committee.

The Committee is empowered -

(a) to recommend to the Board on the appointment of Non-executive Directors to fill vacancy caused due to resignation or retirement.

(b) to recommend to the Board on the appointment and the terms & conditions of appointment (including remuneration) of the Managing Director and the CEO.

(c) to recommend to the Board on payment of performance bonus and annual increment to the Managing Director and the CEO.

(d) to approve the appointment (based on the recommendation of the Managing Director / the CEO) of the CFO, the Business Heads and Company Secretary.

(e) to approve the payment of performance bonus and annual increment to the members of the Executive Committee and the Company Secretary (based on the recommendation of the Managing Director / the CEO).

The remuneration (including the performance bonus and annual increment) is decided on the basis of following broad criteria:-

i) industry trend

ii) remuneration package in other comparable corporates

iii) job responsibilities and individual's KRAs

iv) Company's performance and individual's performance

(f) to approve and recommend the Employee Stock Option Scheme for the approval of the Shareholders. Once approved by the Shareholders, the Committee decides the grant of stock options to the Managing Director and other EXCO members and based on the recommendation of Corporate HR and EXCO, the committee decides the eligibility of other employees and grant options to them.

(g) to supervise the implementation of the Employee Stock Option Scheme.

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6. Share allotment and Investors' Grievances Committee

This Committee looks into allotment of shares kept in abeyance, allotment of shares on exercise of the stock options by the employees and allotment of privately placed preference shares, debentures and bonds, if any. The Committee is also responsible for the satisfactory redressal of investors' complaints and recommends measures for overall improvement in the quality of investor services.

The Committee is headed by Mr. M. L. Bhakta, Independent Director and consists of the members as stated below. During the year ended on 31st December, 2012, this Committee had 12 meetings which were attended by the members as under:-

Sr. No.	Name of the Directors	Category	No. of Meetings attended
1.	Mr. M. L. Bhakta, Chairman	Independent Director	11
2.	Mr. Rajendra Chitale	Independent Director	11
3.	Mr. B.L. Taparia	Non - Independent Director	2
4.	Mr. Onne van der Weijde	Managing Director	9

Mr. Rajiv Gandhi, Company Secretary is designated as the "Compliance Officer" who oversees the redressal of the investors' grievances.

The detailed particulars of investors' complaints handled by the Company and its Registrar & Share Transfer Agent during the year are as under:

Nature of Complaints	Opening	Received During the Year	Resolved	Pending Resolution
Non Receipt of Bonus Shares	NIL	NIL	NIL	NIL
Non Receipt of Transferred Shares	NIL	NIL	NIL	NIL
Non Receipt of Dividend	NIL	NIL	NIL	NIL
Non Receipt of Revalidated Dividend Warrants	NIL	NIL	NIL	NIL
Letters from SEBI / Stock Exchanges, Ministry of Corporate Affairs etc.	NIL	22	22	NIL
Demat Queries	NIL	NIL	NIL	NIL
Miscellaneous Complaints	NIL	NIL	NIL	NIL
TOTAL	NIL	22	22	NIL

None of the complaints is pending for a period exceeding 30 days. All the requests for transfer of shares have been processed on time and there are no transfers pending for more than 15 days.

Over and above the aforesaid complaints, the Company and its Registrar & Share Transfer Agent have received more than 10000 letters / queries / requests on various matters such as change of address, change of bank particulars, ECS mandate, nomination request etc. and we are pleased to report that except for requests received during the year end which are under process, all other queries / requests have been replied on time.

7. Other Committees of Directors

In addition to the above referred Committees which are mandatory under the Companies Act, the Listing Agreement and under the SEBI Guidelines, the Board of Directors has constituted the following Committees of Directors to look into various business matters :-

(A) Capex Committee

The large CAPEX needs critical evaluation of all the aspect of the projects. The detailed engineering, the profile of equipment suppliers, cost estimates & contingencies, schedule of implementation and safety & security of people are some of the critical areas where focused appraisal is required at the highest level. In view of the same, a separate CAPEX Committee of Directors was formed w.e.f 1st May 2010. The Committee comprises of Mr. Paul Hugentobler as Chairman, Mr. Nasser Munjee and Mr. Rajendra P. Chitale as the Members. Mr. Onne van der Weijde, Managing Director and Mr. M.L. Narula (former Managing Director of ACC Ltd.) are the permanent invitees for all the Committee meetings.

The Roles and Responsibilities of the Committee are as follows:

(a) To approve and recommend to the Board, all CAPEX proposals for green field plants, new kilns or power plants;

(b) To critically evaluate all the aspect of techno commercial feasibility and financial viability of these projects.

The Committee had one meeting during the year which was attended by all the members except Mr. Rajendra P. Chitale.

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(B) Management Committee

The Management Committee is formed to authorize grant of Power of Attorney to executives, to approve various facilities as and when granted by the Banks and execution of documents for these facilities. Five committee meetings were held during the year 2012. The committee comprises of Mr. M.L. Bhakta, Chairman, Mr. Shailesh Haribhakti and the Managing Director as the Members.

(C) Share Transfer Committee

Share Transfer Committee regularly approves transfer & transmission of shares / debentures / bonds, issue of duplicate / re-materialized shares and consolidation & splitting of certificates etc. The committee comprises of the Managing Director as Chairman, Mr. Shailesh Haribhakti, Mr. Rajendra P. Chitale and Mr. B.L. Taparia as the Members.

8. Whistle Blower Policy

With the rapid expansion of business in terms of volume, value and geography, various risks associated with the business have also increased considerably. One such risk identified is the risk of fraud & misconduct. The Audit Committee is committed to ensure fraud free work environment and to this end the Committee has laid down a Fraud Risk Management Policy providing a platform to all the employee, vendors and customers to report any suspected or confirmed incident of fraud / misconduct through any of the following reporting protocols:

- E-mail : acl@ethicalview.com
- National Toll Free Phone Line : 18002091005
- Fax Number : 022 – 66459796
- Written Communication to : P.O. Box No. 25, HO, Pune – 411 001

In order to instil more confidence amongst Whistleblowers, the management of the above referred reporting protocols are managed by an independent agency.

This policy is applicable to all the directors, employees, vendors and customers of the Company and contains features similar to the Whistle Blower Policy.

The policy is also posted on the website of the Company.

The main objectives of the policy are as under:

(i) To protect the brand, reputation and assets of the Company from loss or damage, resulting from suspected or confirmed incidents of fraud / misconduct.

(ii) To provide guidance to the employees, vendors and customers on reporting any suspicious activity and handling critical information and evidence.

(iii) To provide healthy and fraud free work culture.

For the effective implementation of the policy, the Audit Committee has constituted a Fraud Risk Management Committee (FRMC) of very senior executives / director comprising of:

(i) Mr. B. L. Taparia, Non - Executive Director – Chairman

(ii) Mr. Onne van der Weijde (MD) - Member

(iii) Mr. R. R. Darak, President (Special Projects) – Member

(iv) Mr. A. J. Pandya, Chief Internal Auditor - Member

Mr. Rajiv Gandhi, Company Secretary acts as the Response Manager and Secretary to the Committee.

The FRMC is responsible for the following:

(i) implementation of the policy and spreading awareness amongst employees;

(ii) review all reported cases of suspected fraud / misconduct;

(iii) order investigation of any case either through internal audit department or through external investigating agencies or experts;

(iv) recommend to the management for taking appropriate actions such as disciplinary action, termination of service, changes in policies & procedure and review of internal control systems;

(v) annual review of the policy.

The FRMC functions independently and reports directly to the Audit Committee.

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9. General Body Meetings

(i) Annual General Meeting (AGM):

The Company convenes Annual General Meeting generally within four months of the close of the Corporate Financial Year. The details of Annual General Meetings held in last 3 years are as under:-

Year	Day, Date and Time	Venue	Whether Special Resolution passed
2009	27th AGM held on Monday, 5th April, 2010 at 10.00 a.m.	Registered Office	Yes
2010	28th AGM held on Monday, 11th April,2011 at 10.00 a.m.	Registered Office	Yes
2011	29th AGM held on Tuesday, 27th March,2012 at 10.00 a.m.	Registered Office	Yes

(ii) Extra Ordinary General Meetings:

In addition to Annual General Meeting, the Company holds General Meetings of the shareholders as and when need arises. There was no such meeting held during the year.

(iii) Postal Ballot:

No special resolution requiring approval by the postal ballot was either proposed last year or is being proposed for at the ensuing AGM.

10. Disclosures

(i) During the year under review, the Company sought legal and professional advices on need basis from M/s. Kanga & Company, Advocates & Solicitors, a firm in which Mr. M. L. Bhakta, an Independent Director of the Company, is a partner and paid a sum of ₹ 1.78 Lacs (net of TDS) as fees. As the amount paid does not form a significant portion of M/s Kanga & Company's total revenue and thus not considered material to impinge upon the independence of Mr. Bhakta. Accordingly, there are no pecuniary relationships or transactions of Non-Executive Independent Directors vis-à-vis the Company which has potential conflict with the interests of the Company at large.

(ii) There are no materially significant transactions with the related parties viz. Promoters, Directors or the Management, their Subsidiaries or relatives that had potential conflict with the Company's interest. Suitable disclosure as required by the Accounting Standard (AS 18) has been made in the Annual Report.

(iii) The Company has followed all relevant Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 while preparing Financial Statements.

(iv) No penalties or strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years.

(v) The Company has in place a mechanism to inform the Board members about the Risk assessment and mitigation plans and periodical reviews to ensure that the critical risks are controlled by the executive management.

(vi) The Company does not have material non-listed subsidiary companies as defined in Clause 49 of the Listing Agreement.

(vii) The Independent Directors have confirmed that they meet the criteria of 'Independence' as stipulated under Clause 49 of the Listing Agreement.

11. CEO / CFO Certification

The MD, Chief Executive Officer (CEO) and Chief Financial Officer (CFO) have issued certificate pursuant to the provisions of Clause 49 of the listing agreement certifying that the financial statements do not contain any materially untrue statement and these statements represent a true and fair view of the Company's affairs. The said certificate is annexed and forms part of the Annual Report.

12. Non-mandatory requirements under Clause 49 of Listing Agreement

The status of compliance with non-mandatory recommendations of the Clause 49 of the Listing Agreement with Stock Exchanges is provided below:

12.1 Non-Executive Chairman's Office: The Company now does not maintain a separate office for the Chairman as there is no need felt for this.

12.2 Tenure of Independent Directors: No maximum tenure for Independent Directors has been specifically determined.

12.3 Remuneration Committee: The Board has set up a Nomination & Remuneration Committee for which details have been provided in this report under point no. 5.

12.4 Shareholders' Rights: As the quarterly and half yearly financial performance are published in the news papers and are also posted on the Companies website, the same are not being sent to the shareholders.

12.5 Audit Qualifications: The Company's financial statement for the year 2012 does not contain any audit qualification.

12.6 Training of Board Members: The Board members are well experienced to perform their role best suited to the business. The Board members are fully updated on all the new initiatives proposed by the company,

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developments in the domestic / global corporate and industry scenario, changes in the statutes / legislation & economic environment and critical business issues. On the matters of specialized nature, the Company engages outside experts / consultants for presentation and discussion with the Board members.

12.7 Mechanism for evaluation of Non-Executive Directors: At present there is no structured mechanism for evaluation of Non-Executive Directors. However, collectively the Board provides direction and exercise overall supervision to ensure that the Company is managed in a manner that fulfils stakeholders' expectations.

12.8 Whistle Blower Policy: The Audit Committee has laid down a Whistle Blower Policy in the name of Fraud Risk Management Policy, the details of which have been given in point no. 8 above.

13. Means of Communication

The quarterly, half-yearly and yearly financial results of the Company are sent to the Stock Exchanges immediately after these are approved by the Board. These are widely published in The Economic Times, The Financial Express, Jaihind and other newspapers.

These results are simultaneously posted on the website of the Company at www.ambujacement.com

The official press releases and presentation made to Institutional Investors / Analysts, if any, are also available on the Company's website.

14. General Shareholders' Information

14.1 Registered Office :

P. O. Ambujanagar, Taluka Kodinar, District Junagadh, Gujarat - 362 715.

14.2 Address for Correspondence:

(a) Corporate Office: Elegant Business Park, MIDC Cross Road 'B', Off Andheri-Kurla Road, Andheri (East), Mumbai-400 059. Phone No: 022 – 40667000 / 66167000.

(b) Exclusive e-mail id for Investor Grievances: Pursuant to Clause 47(f) of the Listing Agreement, the following e-mail ID has been designated for communicating investors' grievances:-

shares@ambujacement.com

14.3 Plant Locations :

Integrated Cement Plants

i. Ambujanagar, Taluka Kodinar, District Junagadh, Gujarat.

ii. Darlaghat, District Solan, Himachal Pradesh.

iii. Maratha Cement Works, Dist. Chandrapur, Maharashtra.

iv. Rabriyawas, Dist. Pali, Rajasthan.

v. Bhatapara, Dist. Raipur, Chhattisgarh.

Grinding Stations

i. Roopnagar, Punjab.

ii. Bathinda, Punjab.

iii. Sankrail, Dist. Howrah, West Bengal.

iv. Farakka, Dist. Murshidabad, West Bengal.

v. Roorkee, Dist. Haridwar, Uttaranchal.

vi. Dadri, Dist Gautam Budh Nagar, Uttar Pradesh.

vii. Nalagarh, Dist. Solan Himachal Pradesh.

viii. Magdalla, Dist. Surat, Gujarat.

Bulk Cement Terminals

i. Muldwarka, District Junagadh, Gujarat.

ii. Panvel, District Raigad, Maharashtra.

iii. Cochin, Kerala.

14.4 Share Transfer Agents:

Sharepro Services (India) Pvt. Ltd.,
13AB Samhita Warehousing Complex, 2nd Floor, Near Saki Naka Telephone Exchange,
Andheri Kurla Road, Saki Naka, Andheri (East), Mumbai - 400 072
Tel. No.: (022) 67720300 / 67720400, Fax No.: (022) 28591568 / 28508927
E-mail - sharepro@shareproservices.com

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14.5 Annual General Meeting:

Day & Date : Thursday, 4th April, 2013

Time : 10.00 a.m.

Venue : Registered Office - P.O. Ambujanagar, Taluka Kodinar, District Junagadh, Gujarat - 362 715.

14.6 Book Closure:

The Register of Members and the Share Transfer Books of the Company shall remain closed from Thursday 21st February, 2013 till Thursday 28th February, 2013 (both days inclusive) for payment of final dividend.

14.7 Dividend Payment Date:

Dividend shall be paid to all the eligible shareholders from 9th April, 2013 onwards.

14.8 Listing of Shares & Other Securities:

A. Equity Shares

The equity shares are at present listed at the following Stock Exchanges:

Name of the Stock Exchanges		Stock Code / Symbol
(i)	Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 023.	500425
(ii)	National Stock Exchange of India Ltd. Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051.	AMBUJACEM

B. Debentures

There are no outstanding debentures.

C. GDRs

The GDRs are listed under the EURO MTF Platform (Code:US02336R2004) of Luxembourg Stock Exchange, Societe de la Bourse de Luxembourg, Avenue de la Porte Neuve L-2011 Luxembourg, B.P.165.

D. ISIN Code for the Company's equity share

INE079A01024

E. Corporate Identity Number (CIN)

L26942GJ1981PLC004717

14.9 Listing Fees:

The Company has paid listing fees upto 31st March, 2013 to the Bombay Stock Exchange (BSE) and National Stock Exchange of India Ltd. (NSE) where Company's shares are listed.

14.10 Market Price Data:

The high / low market price of the shares during the year 2012 at the Bombay Stock Exchange and at National Stock Exchange of India Ltd. were as under:-

Month	Bombay Stock Exchange		National Stock Exchange	
	High (₹)	Low (₹)	High (₹)	Low (₹)
January-12	163.95	145.65	164.40	145.55
February-12	182.00	156.55	182.00	156.70
March-12	175.75	158.40	176.00	158.65
April-12	174.45	147.80	174.45	147.70
May-12	153.60	135.60	153.90	135.75
June-12	179.45	145.10	179.70	145.40
July-12	183.50	166.50	183.80	166.55
August-12	197.25	179.30	197.95	181.00
September-12	205.80	177.40	205.80	178.45
October-12	220.70	200.00	223.00	174.50
November-12	219.50	194.20	219.65	194.20
December-12	214.45	198.25	214.40	198.10

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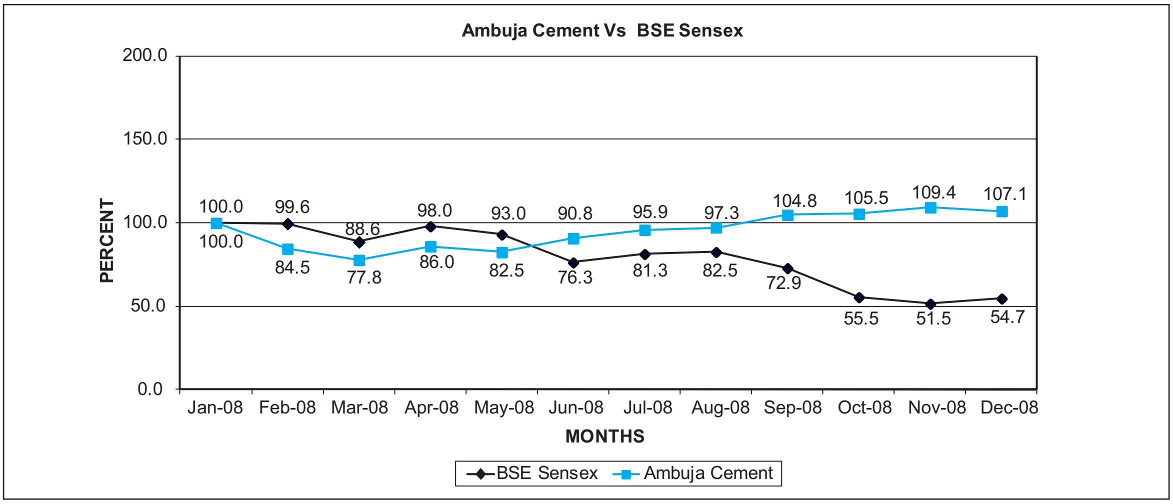
14.11 Performance in comparison to broad based indices:



14.12 Distribution of Shareholding:

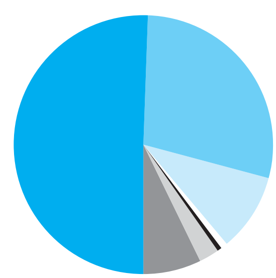
The shareholding distribution of the equity shares as on 31st December, 2012 is given below:-

No. of Equity Shares	No. of Shareholders	No. of Shares	Percentage of Shareholding
Less than 50	103786	2496861	0.16
51 to 100	28689	2530101	0.16
101 to 500	32205	8171107	0.53
501 to 1000	8471	6667909	0.43
1001 to 5000	16037	42550387	2.76
5001 to 10000	3212	23219473	1.51
10001 to 50000	1881	35204319	2.28
50001 to 100000	126	9196159	0.60
100001 to 500000	224	50055905	3.25
500001 & above	159	1362092215	88.32
TOTAL	194790	1542184436	100.00

14.13 Shareholding Pattern:

The shareholding of different categories of the shareholders as on 31st December, 2012 is given below:-

Category	No. of Shares	Percentage %
Foreign Promoters	780308553	50.60
Foreign Investors (including FIIs)	444689043	28.84
Mutual Funds, Banks & Institution	146452261	9.49
OCB NRIs	15464163	1.00
Body Corporates	8050636	0.52
GDR Holders	40117176	2.60
Others	107102604	6.95
TOTAL	1542184436	100.00



14.14 Dematerialisation of Shares:

About 98.24% of total equity share capital is held in dematerialised form with NSDL and CDSL as on 31st December, 2012.

14.15 Reconciliation of Share Capital Audit:

As stipulated by Securities and Exchange Board of India (SEBI), a qualified practicing Company Secretary carries out the Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report is submitted to stock exchanges, NSDL and CDSL and is also placed before the Board of Directors. No discrepancies were noticed during these audits.

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14.16 Outstanding GDRs or Warrants or any Convertible Instrument, conversion Dates and likely impact on Equity:

(i) The Company had issued Foreign Currency Convertible Bonds (FCCB) in the year 1993 and 2001. Out of the total conversion of these bonds into GDRs, 40117176 GDRs are outstanding as on 31st December, 2012 which is listed on the Luxembourg Stock Exchange. The underlying shares representing the outstanding GDRs have already been included in equity share capital. Therefore, there will be no further impact on the equity share capital of the Company.

(ii) The Company has granted stock options from time to time in the past. At the same time, the Company had also issued warrants which can be converted into equity shares. The outstanding position of these convertible instruments as on 31st December, 2012 and their likely impact on the equity share capital is as under:-

Sr. No.	Issue Particulars	Conversion rate (₹ Per Share)	Likely impact on full conversion Share Capital (₹ in crores)	Share Premium (₹ in crores)
A.	**Employee Stock Options**			
	(i) 16300 Outstanding options granted under ESOS 2007 (SAP CORE TEAM) one stock option convertible into 1 equity share upto 30th June, 2013	82.00	0.00	0.13
	(ii) 1291750 Outstanding options granted under ESOS 2008, one stock option convertible into 1 equity share upto 30th June, 2013	82.00	0.26	10.33
	(iii) 47350 Outstanding options granted under ESOS 2008 (SAP CORE TEAM) one stock option convertible into 1 equity share upto 18th June, 2014	96.00	0.01	0.45
	(iv) 2750225 Outstanding options granted under ESOS 2009, one stock option convertible into 1 equity share upto 18th June, 2014	96.00	0.55	25.85
	(v) 6059400 Outstanding options granted under ESOS 2010, one stock option convertible into 1 equity share upto 21st April, 2015	119.00	1.21	70.89
	SUB-TOTAL (A)		**2.03**	**107.65**
B.	**Rights entitlement kept in abeyance out of the Rights Issue of equity shares and warrants to equity shareholders made in the year 1992**			
	(i) 139830 Right shares	6.66*	0.03	0.07
	(ii) 186690 warrants	7.50*	0.04	0.10
	SUB-TOTAL (B)		**0.07**	**0.17**
	GRAND TOTAL (A+B)		**2.10**	**107.82**

(*) conversion price has been arrived after appropriate adjustment of split and bonus issues.

(iii) The diluted equity share capital of the Company upon conversion of all the outstanding convertible instruments will become ₹ 310.54 crores.

14.17 Share Transfer System:

Shares sent for transfer in physical form are registered and returned by our Registrars and Share Transfer Agents in about 15 days of receipt of the documents, provided the documents are found to be in order. Shares under objection are returned within two weeks. The Share Transfer Committee considers the transfer proposals generally on a weekly basis.

14.18 Mandatory requirement of PAN:

SEBI vide its circular dated 7th January, 2010 has made it mandatory to furnish PAN copy in the following cases:

(i) Deletion of name of deceased shareholder(s), where the shares are held in the name of two or more shareholders;

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(ii) Transmission of shares to the legal heir(s), where deceased shareholder was the sole holder.

(iii) Transposition of shares – in case of change in the order of names in which physical shares are held jointly in the names of two or more shareholders.

14.19 Financial Calendar 2013:

First quarterly results	:	May 2013
Second quarterly / Half yearly results	:	July 2013
Third quarterly results	:	October 2013
Annual results for the year ending on 31st December, 2013	:	February 2014
Annual General Meeting for the year ending on 31st December, 2013	:	April 2014

14.20 Dividend Policy:

The first issue of shares was made by the Company in the year 1985 at ₹ 10/- per share. Company is paying dividend from its very first full year of operation. From a modest dividend of 11% in 1987-88, the Company has been increasing dividend almost every year. This year, the Board has recommended total dividend of 180% (₹ 3.60 per share) including 70% (₹ 1.40 per share) paid as interim dividend. As a future policy for payment of dividend, Company shall endeavour to follow a pay-out ratio of about 35% in the ordinary circumstances.

14.21 Dividend history for the last 5 years is as under:

Financial year	Dividend	Dividend	Interim Dividend Rate (%)	Final Dividend Rate (%)	Total Dividend Rate (%)	Dividend Amt. (₹ in Crores)
2007	Interim	Final	125	50	175	532.64
2008	Interim	Final	60	50	110	334.96
2009	Interim	Final	60	60	120	365.59
2010	Interim	Final	60	70	130	397.22
2011	Interim	Final	70	90	160	490.68

15. Subisidiary Companies

There is no material non listed Indian subsidiary Company requiring appointment of Independent Director of the Company on the Board of Directors of the subsidiary Company. The requirements of the Clause 49 of the Listing Agreement with regard to subsidiary companies have been complied with.

Auditors' Certificate

To,

The Members of Ambuja Cements Limited

We have examined the compliance of conditions of corporate governance by Ambuja Cements Limited, ('the Company'), for the year ended on December 31, 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S. R. BATLIBOI & CO.
Firm registration number: 301003E
Chartered Accountants

per Ravi Bansal
Partner
Membership No.: 49365

Place: Mumbai
Date: 7 February 2013

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Declaration Regarding Code of Conduct

I hereby declare that all the Directors and Senior Management Personnel have confirmed compliance with the Code of Conduct as adopted by the Company.

Onne van der Weijde
Managing Director

Mumbai, February 6, 2013

MD / CEO / CFO Certification

The Board of Directors
Ambuja Cements Ltd.

We have reviewed the financial statements, read with the cash flow statement of Ambuja Cements Ltd. for the year ended 31^{st} December, 2012 and that to the best of our knowledge and belief, we state that;

(a) (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;

(ii) these statements present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations.

(b) there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.

(c) we accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.

(d) we have indicated to the Auditors and the Audit Committee:

(i) significant changes, if any, in the internal control over financial reporting during the year.

(ii) significant changes, if any, in accounting policies made during the year and that the same have been disclosed in the notes to the financial statements; and

(iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Yours sincerely,

Sanjeev Churiwala	Ajay Kapur	Onne van der Weijde
Chief Financial Officer	CEO	Managing Director

Mumbai, February 7, 2013

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Business Responsibility Report for the year 2012

In terms of clause 55 of the Listing Agreement

Now a days, the business enterprises are increasingly seen as critical components of social system and they are considered accountable not merely to their shareholders from a revenue and profitability perspective but also to the larger society which is also its stakeholder. Hence, adoption of responsible business practices in the interest of the social set-up and the environment are as vital as their financial and operational performance. This is all the more relevant for listed entities which, considering the fact that they having accessed funds from the public, have an element of public interest involved, and are obligated to make exhaustive continuous disclosures on a regular basis.

The initiatives taken by the Company from an environment, social and governance perspectives are given format as under:-

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company: L26942GJ1981PLC004717
2. Name of the Company: AMBUJA CEMENTS LIMITED
3. Registered address: P.O. Ambujanagar, Taluka Kodinar, District Junagadh, Gujarat- 362715
4. Website: www.ambujacement.com
5. E-mail id: shares@ambujacement.com
6. Financial Year reported: 01.01.2012 to 31.12.2012
7. Sector(s) that the Company is engaged in (industrial activity code-wise):

Group	Class	Sub-Class	Description
269	2694	26942	Manufacture of Portland Cement

8. List three key products/services that the Company manufactures/provides (as in balance sheet):

   The Company manufactures PORTLAND POZOLLANA CEMENT and ORDINARY PORTLAND CEMENT.

9. Total number of locations where business activity is undertaken by the Company
   i. Number of International Locations: NIL
   ii. Number of National Locations: 21 (including regional offices)
10. Markets served by the Company –

LOCAL	STATE	NATIONAL	INTERNATIONAL
✓	✓	✓	✓

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SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital : ₹ 308.44 Crores
2. Total Turnover : ₹ 9674.94 Crore
3. Total profit after taxes : ₹ 1297.06 Crore
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit after tax (%) :

   The Company carries its CSR activities through its dedicated CSR Arms, viz. Ambuja Cement Foundation and Ambuja Vidya Niketan Trust.

   During the Financial Year 2012, the Company has spent ₹ 39.08 Crores on CSR activities. This amounts to 3.07% of Profit After Taxes (PAT) of the Corporate Financial Year, 2012.
5. List of activities in which expenditure in 4 above has been incurred:-

	Particulars	Amount Spent (₹ in Crs.)
a.	Education Development	9.30
b.	Water Resource Development	6.99
c.	Health Development	3.25
d.	Women Empowerment	0.39
e.	Infrastructure Development	8.39
f.	Agro Based Activities	3.10
g.	Establishment Activities	4.53
h.	Donation & Other Miscellaneous Activities	3.13
	TOTAL	39.08

SECTION C: OTHER DETAILS

1. **Does the Company have any Subsidiary Company/ Companies?**

   Yes the Company has 6 Subsidiary Companies.

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2. **Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s):**

   Out of six subsidiary companies, four companies do not carry any business operations. The business activities of the remaining two subsidiary companies are not material in relation to the business activities of the Company.

3. **Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%,More than 60%]:**

   No other entities with whom the Company does business with viz suppliers, distributors etc. participate in the BR initiatives of the Company.

SECTION D: BR INFORMATION

1. **Details of Director/Directors responsible for BR**

   a) Details of the Director/Directors responsible for implementation of the BR Policy/policies

   - DIN Number: 00009181
   - Name: Mr. Onne van der Weijde
   - Designation: Managing Director

   b) Details of BR head

Sr.No	PARTICULARS	DETAILS
1.	DIN Number (if applicable)	N.A.
2.	Name	Ajay Kapur
3.	Designation	Chief Executive Officer (CEO)
4.	Telephone Number	022-40667000
5.	E-mail id	ajay.kapur@ambujacement.com

2. **Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)**

Sr. No.	QUESTIONS	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy / policies for....	Y	Y	--	Y	--	Y	--	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	--	Y	--	Y	--	Y	--
3	Does the policy conform to any national / international standards? If yes, specify?	Y	Y	--	--	--	Y	--	Y	--
4	Has the policy being approved by the Board? If yes, has it been signed by MD/Owner/CEO/appropriate Board Director	Y	Y	--	Y	--	Y	--	Y	--
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	--	Y	--	Y	--	Y	--
6	Indicate the link for the policy to be viewed online?	www.ambujacement.com	www.ambujacement.com/policies_certifications.php,	--	--	--	www.ambujacement.com/policies_certifications.php,	--	www.ambujacement.com/policies_certifications.php,	--
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	--	Y	--	Y	--	Y	--
8	Does the company have in-house structure to implement the policy/ policies.	Y	Y	--	Y	--	Y	--	Y	--
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	--	Y	--	Y	--	Y	--
10	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	--	Y	--	Y	--	Y	--

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2a. If answer to Sr. No. 1 against any principle, is 'No', please explain why:

Sr. No.	QUESTIONS	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	The company has not understood the Principles	--	--	--	--	--	--	--	--	--
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	--	--	--	--	--	--	✔	--	--
3.	The company does not have financial or manpower resources available for the task	--	--	--	--	--	--	--	--	--
4.	It is planned to be done within next 6 months	--	--	--	--	--	--	--	--	--
5.	It is planned to be done within the next 1 year	--	--	✔	--	--	--	--	--	--
6.	Any other reason (please specify) Need for a written policy was not felt. Suitable decision for a written policy will be taken at appropriate time.	--	--	--	--	During the year, no case of human rights violation (viz. incidences of child labour, forced or compulsory labour, overtime without pay etc.) was reported.	--	--	--	--

3. Governance related to BR

- **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year**

  The M.D. / CEO assesses periodically the BR performance of the Company.

- **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

  The Company publishes its Sustainability Report on an Annual basis which is GRI G3 compliant A+ i.e. an internationally accepted reporting framework which is also assured by an independent certifying agency and is available on the website of the Company, www.ambujacement.com

SECTION E: PRINCIPLE-WISE PERFORMANCE

PRINCIPLE 1

Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

1. **Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/ Joint Ventures/ Suppliers/Contractors/NGOs /Others?**

   The policy relating to ethics, bribery and corruption covers the Directors and Employees of the Company. The Fraud Risk Management Policy (i.e. Whistleblower Policy) covers the Directors, Employees, Vendors and Customers of the Company. For more details, please refer to the Corporate Governance Report.

   The Company, similarly, has also laid down Anti Bribery and Corruption Directives, which is part of its Code of Business Conduct and Ethics.

   How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? *If so, provide details thereof, in about 50 words or so.*

   The Company, during the year 2012 received 54 complaints under the escalation protocols of the Fraud Risk Management Policy. Out of these 54 complaints, 33 complaints were resolved & the balance complaints are at various stages of review.

PRINCIPLE 2

Businesses should provide goods and services that are safe and Contribute to sustainability throughout their life cycle.

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

   The Company has fairly understood its obligations on social and environmental concerns, risks and opportunities. Accordingly, the Company has devised the manufacturing process of its product (Cement), in a manner taking care of social and environment concerns.

   The Company has deployed best in class technology and processes to manufacture Cement. The manufacturing process involves use of 6 stage pre-heaters, vertical roller pre-grinder, and advanced technology clinker coolers which are most energy efficient and technologically advanced as on date.

   We also co-process plastic and other industrial & hazardous waste from different industries as alternative fuel. The Company also co-processes biomass in its kilns and thermal power plants.

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2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

   i. **Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?**

   The Company continuously strives its best to reduce the power/LDO Coal and other fuels consumed per unit of cement produced. The details of reduction are as under:

Consumption per unit of Production	Industry Norms	Current Year (Jan to Dec 2012)	Previous Year (Jan to Dec 2011)
Electricity(KWH/T of Cement)	100	80.9	82.6
LDO (Ltr/T of Clinker)	N.A.	0.15	0.22
Coal and other Fuels (K.Cal/Kg of Clinker)	800	736	739

   ii. **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

   The details of the reduction during usage by consumers (energy, water) achieved since the previous year are not available with the Company.

3. **Does the company have procedures in place for sustainable sourcing (including transportation)?**

   All the inputs, except where the Company does not have any control, are sourced sustainably. The Company has a procedure in place for sustainable sourcing of energy, water including transportation. Almost all the inputs are sourced on a sustainable basis. The Company has long term Leases/ Agreement for sourcing limestone and gypsum and has developed Alternate Fuel and Raw materials (AFR) to reduce coal and fuel consumption and is increasing the usage of AFR every year.

   The Company has established its own Bulk Cement Terminals at strategic locations on the western coast and owns a fleet of specialised Bulk Cement Carriers for transportation of cement by sea route as a sustainable source of transportation of Cement.

4. **Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

   The Company encourages procurement of goods and services from local and small producers including Communities surrounding the place of its plant locations.

5. **Does the company have a mechanism to recycle products and waste?**

   We have fly ash generated as waste from our captive power plants which is used in our cement production. The entire fly ash generated [100%] is utilised to produce Portland Pozzolana Cement (PPC).

PRINCIPLE 3

Businesses should promote the wellbeing of all employees.

1. **Please indicate the Total number of employees:**
   - Management Staff : 4336
   - Blue Collar Employees : 1478
   - **Total : 5814**

2. **Please indicate the Total number of employees hired on temporary/contractual/casual basis:**

   The Company directly/indirectly hired 10,405 persons on temporary/contractual/casual basis.

3. **Please indicate the Number of permanent women employees:**
   - Permanent : 136
   - On Probation : 35
   - **Total 171**

4. **Please indicate the Number of permanent employees with disabilities:**
   - Disabilities: 21

5. **Do you have an employee association that is recognized by management?**

   Yes, We have recognised trade unions affiliated to either of INTUC / AITUC / BMS depending on their presence at respective locations representing blue collar employees.

6. **What percentage of your permanent employees is members of this recognized employee association?**

   Around 25% of our permanent employees are members of the above mentioned recognized employee association.

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7. **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

S. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1.	Child Labour/Forced Labour/ Involuntary Labour	NIL	NIL
2.	Sexual harassment	NIL	NIL
3.	Discriminatory employment	NIL	NIL

8. **What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**
   - Permanent Employees: 25% (Considered only Management Staff-Soft skill up-gradation).
   - Permanent Women Employees : 28% (Considered only Management Women Staff- Soft skill up-gradation)
   - Casual/Temporary/Contractual Employees : 72% (Considered only Management and Wageboard staff of IPs, Gus & Terminals- Safety Training)
   - Employees with Disabilities : 90% (Safety Training)

PRINCIPLE 4

Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

1. **Has the company mapped its internal and external stakeholders? Yes/No**

   Yes the company has mapped its internal as well as external stakeholders
2. **Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.**

   The company has further identified the disadvantaged, vulnerable and marginalised stakeholders, namely the communities around its manufacturing sites and its workers/contractual workers and truck drivers.
3. **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**

   Several initiatives have been taken to engage with these disadvantaged stakeholders. Through its Ambuja Cement Foundation the community is engaged on a regular basis and projects are developed and planned through their participation. Several of the Foundation's projects such as health camps, HIV prevention programmes, non formal education centres, skill training, and work with women are also extended to the Company's contract workers and labourers. Regularised employee engagement survey enables the employees to voice their satisfaction levels. Workers safety is of utmost importance and a culture of safety is brought in not just for company's staff but also workers, truckers etc, through training programmes. All this is also disclosed in our Annual Sustainability Report.

PRINCIPLE 5

Businesses should respect and promote human rights.

1. **Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures/ Suppliers / Contractors/NGOs/Others?**

   The Company does not have any policy on Human Rights for the time being.
2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   No stakeholder complaints were received during the last financial year

PRINCIPLE 6

Businesses should respect, protect, and make efforts to restore the environment.

1. **Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/others.**

   The Corporate Environment Policy is applicable only to the Company.
2. **Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

   Yes. The Company has a documented Sustainability Policy duly approved by the Board of Directors. The policy enshrines commitment for climate change mitigation. Apart from this, we also have an updated climate change policy. The Company measures & reports its carbon emissions as per Cement Sustainability Initiative [CSI] of the World Business Council on Sustainable Development. The Company proactively discloses its carbon emissions in the annual Carbon Disclosure Project. Further, we also keep our stakeholders informed on our carbon performance through our annual GRI based Sustainability Report.

   The Company has strategies in place to address global warming and to ensure a low carbon growth path for our operations. Please visit the following links for more details:

   https://www.ambujacement.com/policies_certifications.php,

   https://www.ambujacement.com/climate_change_mitigation.php

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3. **Does the company identify and assess potential environmental risks? Y/N**

   Yes. The Company regularly assesses the environmental risks emanating from its operations and as a part of the sustainability strategy implements initiatives to address these. Additionally, all our operations are certified to international Environment Management System ISO 14001:2004.

4. **Does the company have any project related to Clean Development Mechanism? Also, if yes, whether any environmental compliance report is filed?**

   Yes, the company participates in the Global Programme of Clean Development Mechanism (CDM). Our first project of the use of biomass for power generation at Ropar plant earned 17,727 CERs (Certified Emission Reduction) which could earn us ₹ 1.60 crores. We are currently pursuing two CDM projects. One is a Program of Activity [PoA] on Smokeless Chulha in Community around our plants.

   The second is Waste Heat Recovery [WHR] based power generation at our unit at Rabriyawas. These projects are in the process of registration. The WHR CDM projects has been accorded Host Country Approval by the National CDM Authority. There is no requirement for filing environment compliance report as per their approval.

5. **Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.**

   Yes. The Company has strong focus on energy efficiency & renewable energy. Our renewable energy portfolio includes 7.5 MW Wind energy at Kutch, Gujarat commissioned in 2011 & 330 KV Solar Power at Bhatapara, Chhattisgarh installed in 2012. Additionally, we also co-process industrial waste from other industries in our kilns as alternative fuel. This helps us in reducing the use of coal, necessary for conservation as well as green house gas mitigation. A 6.5 MW waste heat recovery based power generation system is being installed which is expected to be operational by November, 2013.

   The company monitors its specific thermal & electrical energy consumption and employs measures for improving energy efficiency. Three of our units have implemented energy management system & have attained certification to ISO 50001:2011.

6. **Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

   Yes. The Company employs various measures to ensure complete compliance to existing emission/waste standards applicable. The Company is the first cement manufacturer to have proactively installed Continuous Emission Monitoring Systems (CEMS) at all the nine kiln stacks for online monitoring of all vital pollution parameters. In addition, Continuous Ambient Air Quality Monitoring Systems are being installed at all the plants.

7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

   There are six matters that are pending in different Courts as on the end of Financial Year 2012.

PRINCIPLE 7

Businesses, when engaged in influencing public and regulatory policy should do so in a responsible manner.

1. **Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

   a. Confederation of Indian Industry (CII)

   b. Federation of Indian Chambers of Commerce and Industry (FICCI)

   c. The Associated Chambers of Commerce and Industry of India (ASSOCHAM)

   d. Bombay Management Association (BMA)

   e. Indian Merchants Chamber (IMC)

   f. Bombay Chamber of Commerce and Investments (BCCI)

   g. Cement Sustainability Initiative (CSI), an extension of World Business Council for Sustainable Development.

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/ No; if yes specify the broad areas (Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others) :**

   Yes we have been closely working with CII for advocating good sustainability practices in the industry.

PRINCIPLE 8

Businesses should support inclusive growth and equitable development

1. **Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

   Yes the Company has very focussed programmes and initiatives. The company has always considered the Community as an extremely important Stakeholder group and since its inception engaged for their development. Our Foundation conducts needs assessment before undertaking projects in our neighbouring Communities. Focus has primarily being on water, livelihood promotion and on the Human Development Index, and compliments the nation's need for inclusive growth.

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/ any other organization?**

   The Company has a very structured and well devolved CSR arm viz. Ambuja Cement Foundation (ACF) to undertake development work with the neighbouring Communities. All details of work are disclosed through Foundation's Annual Reports & on its website: www.ambujacementfoundation.org

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3. **Have you done any impact assessment of your initiative?**

Our work is regularly subject to evaluation and impact assessment. As projects evolve, evaluation studies, both internal and external are undertaken to confirm direction and make course corrections as required. On maturity or completion of projects, impact assessments are done by the reputed external parties.

Through these assessments we have seen very positive outcomes and benefits for the people of our area.

4. **What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**

The Company has spent around ₹ 40 crores on CSR in 2012 of which ₹ 35 crores has been spent on community development projects in its neighbourhood. Besides its own amount spent our Foundation has partnered with other development agencies (Government Department and Donor Development Agencies) and has been able to leverage additional of funding for implementation of development in our local area. This is possible owing to the foundation's very structured systems and processes and genuine development initiatives which have helped these funding partnerships grow. All project details are disclosed in our Foundations Annual Report and website.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so**.

Our community development initiatives are undertaken directly through our own Foundation. The philosophy and approach has been to involve the local people throughout i.e during needs assessment and prioritisation, project planning, implementation and for monitoring. A huge focus has been laid in building capactities within the communities and creating community level committees empowered to manage and maintain projects undertaken. This project has encouraged people's ownership and helped sustain projects.

PRINCIPLE 9

Businesses should engage with and provide value to their customers and consumers in a responsible manner.

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year**?

17 customer complaints/consumer cases were pending as on end of the financial year.

2. **Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)**

Product information displayed is as per mandated by Bureau of Indian Standards. No other label is displayed over and above than the mandated.

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so**.

The details of the complaints filed are as under:-

Sr. No.	Particulars	Remarks / Status
1.	Director General filed an application under MRTP Act (restrictive trade practices) against CMA and 44 Cement Manufacturers, including the Company alleging fixing the prices in arbitrary and unjustified manner. MRTP Commission passed a "Cease & Desist" Order dated 20.12.2007 in the above matter	The Supreme Court, by its Order dated 8.02.2008, has admitted the appeal and Stayed the said Order' of the MRTP Commission. The matter is pending.
2.	The Competition Commission of India passed an Order dated 20th June, 2012, imposing penalty on certain cement manufacturers including the Company, alleging contravention of the provisions of the Competition Act, 2002 and imposed a penalty of ₹ 1164 Crore on the Company.	The Company has filed an Appeal against the said 'Order' with the Competition Appellate Tribunal challenging the said Order where the matter is pending.

4. **Did your company carry out any consumer survey/ consumer satisfaction trends?**

Yes, the Customer Support Groups from the 3 regions of the Company have carried out consumer surveys and have framed the Customer Satisfaction Index based on their surveys.

The Company also carried out Nielsen Brand Equity Study – a globally recognized standard for understanding customer preferences.

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Auditors' Report

To

The Members of Ambuja Cements Limited

1 We have audited the attached Balance Sheet of Ambuja Cements Limited ('the Company') as at 31 December 2012 and also the statement of profit and loss and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3 As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4 Without qualifying our opinion, we draw attention to note 29(A)(i)(c)(iv) of the financial statements, relating to the order of the Competition Commission of India (CCI), concerning alleged contravention of the provisions of the Competition Act, 2002 and imposing a penalty of ₹ 1,163.91 crores on the Company. The Company is advised by external legal counsel that it has a good case for the Competition Appellate Tribunal setting aside the order passed by CCI, and accordingly no provision has been considered necessary by the Company in this regard.

5 Further to our comments in the Annexure referred to in paragraph 3 above, we report that :

i. we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

iii. the balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;

iv. in our opinion, the balance sheet, statement of profit and loss and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

v. on the basis of the written representations received from the directors, as on 31 December 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 December 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

vi. in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

a) in the case of the balance sheet, of the state of affairs of the Company as at 31 December 2012;

b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and

c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For S. R. Batliboi & Co.
Firm registration number: 301003E
Chartered Accountants

per Ravi Bansal
Partner
Membership number : 49365

Place: Mumbai
Date: 7 February 2013

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Annexure

Annexure referred to in paragraph 3 of our report of even date
Re: Ambuja Cements Limited ('the Company')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a programme for physical verification on a rotational basis, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its business. Accordingly, certain fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.

(c) There was no disposal of a substantial part of fixed assets during the year.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory. Discrepancies noted on physical verification of inventories were not material, and have been properly dealt with in the books of account.

(iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company and hence not commented upon.

(e) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in internal control system of the Company in respect of these areas.

(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301of the Act that need to be entered into the register maintained under section 301 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, related to the manufacture of cement and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other material statutory dues which were outstanding, at the year end for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows :

Name of the Statute	Nature of Dues	Amount ** (₹ in crores)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Demand of Excise Duty on clearance of Cement & Others	0.60	2006-2011	Commissioner (A)
		0.25	1999-2000	CESTAT *
		1.51	1996-2010	CESTAT
	Denial on Cenvat credit on inputs and Capital Goods and interest	20.96	2000-2010	CESTAT
		3.18	2003-2005	CESTAT *
		7.05	1994-2011	Commissioner (A)
		0.45	1994-1997	Commissioner (A) *
		0.75	1993-1996	High Court *
		2.06	1996-1997	Supreme Court *

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Name of the Statute	Nature of Dues	Amount ** (₹ in crores)	Period to which the amount relates	Forum where dispute is pending
Customs Act, 1962	Demand of Customs Duty and interest	0.18	2006-2007	CESTAT *
		0.06	2000-2009	Deputy Commissioner *
		0.83	2008-2009	CESTAT
		1.27	2000	Deputy Commissioner
Finance Act, 1994 (Service Tax)	Denial of Service Tax Credit on input services	0.23	2006-2007	CESTAT *
		9.03	2005-2010	CESTAT
		6.30	2005-2011	Commissioner (A)
		0.01	2005-2006	High Court*
Central Sales Tax Act, 1956 and various State Sales Tax Act	Demand of Sales Tax / Additional Purchase Tax	18.89	1991-2012	Commissioner
		85.81	2005-2012	High Court
		3.30	1999-2003	Supreme Court *
		27.53	1992-2009	Tribunal
Chhattisgarh Upkar (Sanshodhan Adhiniyam), 2004	Cess on Electricity Generation	14.22	2006-2012	Supreme Court *
Rajasthan Finance Act, 2008	Environment Cess	6.27	2008-2012	High Court
Madhya Pradesh Upkar Adhiniyam, 1981 (as adopted by Chhattisgarh)	Mineral Area Development Cess	4.33	1982-1991	High Court

* In respect of these cases the Department is in appeal

** Net of amount deposited

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xvi) The Company did not have any term loans outstanding during the year.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money through a public issue during the year. Accordingly, the provisions of clause (xx) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xxi) We have been informed by the management that it has detected certain instances, *wherein undue benefits were received by certain employees in collusion with vendors/others. We are further informed that investigations relating to these matters have been completed and as estimated by the management, such instances have resulted in a loss to the Company of ₹ 0.73 crore in one instance and amount is not determinable in other instances.*

For S.R. Batliboi & Co.
Firm registration number : 301003E
Chartered Accountants

per Ravi Bansal
Partner
Membership number : 49365

Place : Mumbai
Date : 7 February 2013

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Balance Sheet

As at 31st December, 2012

	Note	₹ in crores	As at 31.12.2012 ₹ in crores	As at 31.12.2011 ₹ in crores
EQUITY AND LIABILITIES				
Shareholders' funds				
Share capital	3	308.44		306.87
Reserves and surplus	4	8,496.62		7,762.56
			8,805.06	8,069.43
Share application money, pending allotment			-	0.01
Non-current liabilities				
Long-term borrowings	5	34.63		42.80
Deferred tax liabilities (net)	6	548.25		643.60
Other long-term liabilities	7	4.91		3.82
Long-term provisions	8	20.89		17.91
			608.68	708.13
Current liabilities				
Trade payables	9.1	934.54		951.16
Other current liabilities	9.2	655.87		639.77
Short-term provisions	8	1,420.53		1,173.34
			3,010.94	2,764.27
TOTAL			12,424.68	11,541.84
ASSETS				
Non-current assets				
Fixed assets				
Tangible assets	10	5,861.93		6,184.61
Intangible assets	10	0.44		1.85
Capital work-in-progress (Refer note 41)		520.12		486.82
			6,382.49	6,673.28
Non-current investments	11	112.01		95.37
Long-term loans and advances	12	647.31		506.76
Other non-current assets	13.2	8.02		2.15
			767.34	604.28
Current assets				
Current investments	14	1,543.83		768.94
Inventories	15	983.93		924.97
Trade receivables	13.1	213.37		240.85
Cash and bank balances	16	2,253.72		2,069.08
Short-term loans and advances	12	249.05		236.51
Other current assets	13.2	30.95		23.93
			5,274.85	4,264.28
TOTAL			12,424.68	11,541.84
Significant accounting policies	2			

The accompanying notes are integral part of the financial statements.

As per our attached report of even date

For S.R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

per Ravi Bansal
Partner
Membership No. 49365

Mumbai, 7th February, 2013

Ajay Kapur
Chief Executive Officer

Sanjeev Churiwala
Chief Financial Officer

Rajiv Gandhi
Company Secretary

For and on behalf of the Board

N.S. Sekhsaria
Chairman

Shailesh Haribhakti
Chairman-Audit Committee

Paul Hugentobler
Vice Chairman

Nasser Munjee
Director

M.L. Bhakta
Director

Rajendra P. Chitale
Director

Bernard Fontana
Director

Omkar Goswami
Director

Haigreve Khaitan
Director

Naresh Chandra
Director

B.L. Taparia
Director

Onne van der Weijde
Managing Director

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Statement of Profit and Loss

For the year ended 31st December, 2012

	Note	₹ in crores	2012 ₹ in crores	2011 ₹ in crores
Revenue				
Sale of products (gross) (Refer note 42)		**10,939.68**		9,578.13
Less : Excise duty (Refer note 46)		**1,264.74**		1,073.81
Sale of products (net)			**9,674.94**	8,504.32
Other operating revenues	**17**		**55.36**	49.94
Revenue from operations (net)			**9,730.30**	8,554.26
Other income	**18**		**348.87**	247.87
Total revenue			**10,079.17**	8,802.13
Expenses				
Cost of raw materials consumed	**19**		**671.76**	577.38
Changes in inventories of finished goods and work-in-progress	**20**		**(200.83)**	57.00
Employee benefits expense	**21**		**478.51**	433.20
Power and fuel			**2,329.07**	2,001.37
Freight and forwarding	**22**		**2,275.85**	1,933.36
Finance costs	**23**		**75.66**	52.63
Depreciation and amortisation expense	**24**		**565.22**	445.15
Other expenses	**25**		**1,709.68**	1,581.66
			7,904.92	7,081.75
Self consumption of cement (net off excise duty ₹ 0.71 crore; previous year - ₹ 0.61 crore)			**(6.71)**	(6.74)
Total expenses			**7,898.21**	7,075.01
Profit before exceptional items and tax			**2,180.96**	1,727.12
Exceptional items	**26**		**279.13**	24.25
Profit before tax			**1,901.83**	1,702.87
Tax expense :				
For the current year				
Current tax		**702.00**		482.00
Deferred tax (credit) / charge		**(95.35)**		59.29
		606.65		541.29
Relating to earlier years				
Current tax		**(1.88)**		(120.71)
Deferred tax (credit) / charge		**-**		53.43
		(1.88)		(67.28)
			604.77	474.01
Profit for the year			**1,297.06**	1,228.86
Earnings per equity share of ₹ 2 each	**27**		₹	₹
Basic			**8.43**	8.02
Diluted			**8.41**	8.00
Significant accounting policies	**2**			

The accompanying notes are integral part of the financial statements.

As per our attached report of even date

For S.R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

per Ravi Bansal
Partner
Membership No. 49365

Mumbai, 7th February, 2013

Ajay Kapur
Chief Executive Officer

Sanjeev Churiwala
Chief Financial Officer

Rajiv Gandhi
Company Secretary

For and on behalf of the Board

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Managing Director

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Cash Flow Statement

For the year ended 31st December, 2012

		2012	2011
	₹ in crores	₹ in crores	₹ in crores
Cash flow from operating activities			
Profit before tax		1,901.83	1,702.87
Adjustment for :			
Depreciation / amortisation	565.22		445.15
Depreciation / amortisation (exceptional items)	279.13		-
Profit on sale of fixed assets	(1.71)		(12.24)
Loss on assets sold, discarded and written off	8.82		20.89
Capital spares consumed	0.40		0.49
Deferred revenue expenditure, written off	0.27		0.19
Profit on sale of current investments	(71.89)		(59.16)
Finance costs	75.66		52.63
Interest income	(233.96)		(155.51)
Provision for slow and non moving spares	(0.15)		6.67
Discounting income on sales tax loan	(15.96)		(15.78)
Employee stock compensation expenses under ESOS	-		9.45
Employee stock compensation expense under ESOS (exceptional items)	-		24.25
Sales tax loan liability written back on assessment	(0.04)		(0.34)
Unrealised exchange (gain) / loss, net	(0.22)		0.30
Provisions no longer required	(19.78)		(7.93)
Inventories written off	18.39		10.61
Bad debts, sundry debit balances and claims written off	1.56		2.36
Provision for doubtful debts and advances (net) (Refer note 52)	31.73		1.08
		637.47	323.11
Operating profit before working capital changes		2,539.30	2,025.98
Adjustment for :			
Trade receivables, loans & advances and other assets	(41.36)		(246.24)
Inventories	(77.20)		(40.40)
Trade payables, other liabilities and provisions	76.87		266.33
		(41.69)	(20.31)
Cash generated from / (used in) operations		2,497.61	2,005.67
Direct taxes paid (net off refunds ₹ 360.27 crores; previous year - ₹ 104.19 crores)		(639.87)	(472.21)
Net cash flow from / (used in) operating activities (A)		1,857.74	1,533.46
Cash flows from investing activities			
Purchase of fixed assets, including capital work in progress and capital advances	(691.76)		(655.37)
Proceeds from sale of fixed assets	4.77		32.09
Acquisition / investment in subsidiaries	(15.96)		(35.65)
Acquisition / investment in joint ventures	(0.68)		(10.28)
Loan given to subsidiaries	(5.56)		(5.19)
Payment received against loan given to subsidiaries	1.00		-
Proceeds from sale / maturity of current investments	71.89		59.16
Unclaimed sale proceeds of the odd lot shares of erstwhile Ambuja Cement Eastern Limited (ACEL) and Ambuja Cements Rajasthan Limited (ACRL)	(0.01)		(0.30)
Investments in bank deposits (having original maturity of more than three months)	(23.03)		(27.08)
Redemption / maturity of bank deposits (having original maturity of more than three months)	10.01		30.05
Interest received	205.79		145.23
Interest received on Income tax	50.62		19.13
Net cash flow from / (used in) investing activities (B)		(392.92)	(448.21)
Carried forward...		1,464.82	1,085.25

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Cash flow statement *(Contd.)*

	₹ in crores	2012 ₹ in crores	2011 ₹ in crores
Brought forward		**1,464.82**	1,085.25
Cash flows from financing activities			
Proceeds from issuance of equity share capital (including securities premium)	**83.07**		46.23
Proceeds from short-term borrowings	**58.23**		57.22
Repayment of short-term borrowings	**(48.79)**		(56.77)
Interest paid	**(27.54)**		(25.12)
Subsidy received	**0.30**		-
Dividend paid on equity shares	**(489.94)**		(426.81)
Tax on equity dividend paid	**(79.76)**		(69.54)
Net cash flow from / (used in) in financing activities (C)		**(504.43)**	(474.79)
Net increase / (decrease) in cash and cash equivalents (A + B + C)		**960.39**	610.46
Cash and cash equivalents at the end of the year		**3,859.76**	2,899.37
Cash and cash equivalents at the beginning of the year		**2,899.37**	2,288.91
		960.39	610.46
Components of cash and cash equivalents			
Cash on hand		**0.34**	0.27
With banks - in current account		**132.21**	154.54
With banks - in deposit account		**2,061.00**	1,855.00
With banks - fixed deposit held as security		**37.79**	38.65
With banks - earmarked for specific purposes (Refer note 3 below)		**22.38**	20.62
Cash and bank balance as per note 16		**2,253.72**	2,069.08
Less : Fixed deposits not considered as cash and cash equivalents		**(37.79)**	(38.65)
Add : Deposits with Housing Development Finance Corporation Limited		**100.00**	100.00
Add : Investment in mutual funds		**1,543.83**	768.94
Cash and cash equivalents at the year end		**3,859.76**	2,899.37

Notes :

1) Figures in brackets represent cash outflow.
2) Direct taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities.
3) These balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities and unclaimed sale proceeds of the odd lot shares belonging to the shareholders of erstwhile ACEL and ACRL.

Significant accounting policies - Note 2

The accompanying notes are integral part of the financial statements.

As per our attached report of even date

For S.R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

per Ravi Bansal
Partner
Membership No. 49365

Mumbai, 7th February, 2013

For and on behalf of the Board

Ajay Kapur
Chief Executive Officer

Sanjeev Churiwala
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Director

Onne van der Weijde
Managing Director

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Notes to Financial Statements

1. **(A) Basis of preparation of financial statements :**

   i. The financial statements have been prepared in compliance with all material aspects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956.

   ii. Financial statements are based on historical cost and are prepared on accrual basis.

   iii. Accounting policies have been consistently applied by the Company and are consistent with those used in the previous year and except for the changes in accounting policy stated in 1(B).

   iv. The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual result could differ from these estimates.

   v. During the year ended 31st December 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. Previous year figures have been reclassified and regrouped in accordance with the requirements applicable in the current year.

   (B) Change in accounting policy :

   During the year, the Company has retrospectively changed its method of providing depreciation on fixed assets pertaining to its Captive Power Plants from the 'Straight Line' to the 'Written Down Value' at the rates prescribed in Schedule XIV to the Companies Act, 1956. This change results in more appropriate presentation and gives a systematic basis of depreciation charge, representative of the time pattern in which the economic benefits flow to the Company. Accordingly, the Company has recognised additional depreciation charge of ₹ 320.14 crores. Amount relating to earlier years of ₹ 279.13 crores has been disclosed as exceptional item.

   Had the Company continued to use the earlier method of depreciation, profit after tax for the year ended 31st December, 2012 would have been higher by ₹ 216.27crores.

2. **Significant accounting policies :**

   a) Fixed Assets :

   i. Fixed Assets are stated at their original cost of acquisition / installation (net of Modvat / Cenvat credit availed), net of accumulated depreciation, amortisation and impairment losses, except freehold non mining land which is carried at cost less impairment losses.

   ii. Capital work in progress is stated at the amount expended up to the date of Balance Sheet.

   iii. Machinery spares which can be used only in connection with a particular item of fixed asset and the use of which is irregular, are capitalised at cost net of Modvat / Cenvat.

   iv. Expenditure during construction period (including financing cost relating to borrowed funds for construction or acquisition of qualifying fixed assets) incurred on projects under implementation are treated as Pre-operative expenses,pending allocation to the assets, and are included under "Capital Work in Progress". These expenses are apportioned to fixed assets on commencement of commercial production.

   b) Depreciation and Amortisation :

   i. Tangible Assets :

   I. Premium on leasehold land is amortised over the period of lease.

   II. Depreciation on assets, other than Vehicles and Captive Power Plant related assets consisting of Building, Plant and Machinery and Electric Installation (CPP assets), is provided on the "Straight Line Method" in accordance with the provisions of Section 205(2)(b) of the Companies Act, 1956, and on Vehicles and CPP assets on the "Written Down Value Method" in accordance with the provisions of Section 205(2)(a) of the Companies Act, 1956, in the manner and at the rates specified in Schedule XIV to the Companies Act, 1956, except in respect of certain assets at higher rates consequent to management estimate of useful life. Continuous process plants, are identified based on technical assessment and depreciated at the specified rate as per Schedule XIV to the Companies Act, 1956. Depreciation on additions to fixed assets is provided on a pro-rata basis from the date of acquisition or installation, and in the case of a new project, from the date of commencement of commercial production. Depreciation on assets sold, discarded, demolished or scrapped, is provided upto the date on which the said asset is sold, discarded, demolished or scrapped.

   In respect of an asset for which impairment loss is recognised, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

   III. Machinery spares, which are capitalized, are depreciated over the useful life of the related fixed asset. The written down value of such spares is charged to the statement of profit and loss, on issue for consumption.

   IV. Cost of mineral reserve embedded in the cost of freehold mining land is depreciated in proportion of actual quantity of minerals extracted to the estimated quantity of extractable mineral reserves.

   V. Fixed assets, constructed by the Company, but ownership of which belongs to Government / Local Authorities :

   a) Expenditure on Power Lines, ownership of which belongs to the state electricity boards, is amortised over the period as permitted in the Electricity Supply Act, 1948 / 2003 as applicable.

   b) Expenditure on Marine Structures, ownership of which belongs to the maritime boards, is amortised over the period of agreement.

   c) Expenditure on other fixed assets, is amortised at the rate of depreciation specified in Schedule XIV to the Companies Act, 1956.

   ii. Intangible Assets :

   I. Expenditure to acquire Water Drawing Rights from Government / Local Authorities / other parties is amortised on straight line method over the period of rights to use the facilities ranging from ten to thirty years.

   II. Expenditure on computer software is amortised on straight line method over the period of expected benefit not exceeding five years.

   c) Impairment of assets :

   The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted

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to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the assets. A previously recognised impairment loss is increased or reversed depending on changes in circumstances.

d) Investments :

i. Recognition and Measurement

Investments that are intended to be held for more than a year, from the date of acquisition, are classified as long-term investments and are carried at cost. However, provision for diminution in value of investments is made to recognise a decline, other than temporary, in the value of the investments. Investments other than long-term investments being current investments are valued at cost or fair value whichever is lower, determined on an individual basis.

ii. Presentation and Disclosure

Investments, which are readily realisable and intended to be held for not more than one year from balance sheet date, are classified as current investments. All other investments are classified as non-current investments.

e) Inventories :

Inventories are valued as follows

i. Coal, fuel, packing materials, raw materials, stores and spares :

Lower of cost less provision for slow and non-moving inventory, if any, and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a moving weighted average basis.

ii. Work-in-progress, finished goods and trial run inventories :

Lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a monthly moving weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

f) Provisions / Contingencies :

A provision is recognised for a present obligation as a result of past events if it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate of the amount required to settle the obligation at the Balance Sheet date. A contingent liability is disclosed, unless the possibility of an outflow of resources is remote.

g) Foreign Currency Conversion :

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of transaction. Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

h) Revenue recognition :

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured

i. Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Accordingly, domestic sales are accounted on dispatch of products to customers and Export sales are accounted on the basis of date of Bill of Lading. Sales are disclosed net of sales tax / VAT, discounts and returns, as applicable. Sales exclude self consumption of cement.

ii. Benefit on account of entitlement to import goods free of duty under the "Duty Entitlement Pass Book under Duty Exemption Scheme" is recognised in the year of export.

iii. Sales include the amount of remission and subsidy due in accordance with the respective incentive schemes.

iv. Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Dividend income is recognised when right to receive the payment is established by the Balance Sheet date.

i) Mines Reclamation Expenses :

The Company provides for the expenses to reclaim the quarries used for mining. The total estimate of reclamation expenses is apportioned over the estimate of mineral reserves and a provision is made based on the minerals extracted during the year.

Mines reclamation expenses are incurred on an ongoing basis and until the closure of the mine. The actual expenses may vary based on the nature of reclamation and the estimate of reclamation expenditure.

j) Employee Benefits :

i. Defined Contribution Plan

Employee benefits in the form of contribution to Superannuation Fund, Provident Fund managed by Government Authorities, Employees State Insurance Corporation and Labour Welfare Fund are considered as defined contribution plan and the same is charged to the statement of profit and loss for the year when the contributions to the respective funds are due.

ii. Defined Benefit Plan

Retirement benefits in the form of gratuity, shipping staff gratuity, post retirement medical benefit and death and disability benefit are considered as defined benefit obligations and are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet. Actuarial gains / losses, if any, are immediately recognised in the statement of profit and loss.

Employee Benefit, in form of contribution to Provident Fund managed by a Trust set up by the Company, is charged to statement of profit and loss as and when the contribution is due. The deficit, if any, in the accumulated corpus of the Trust at the period end for which the Company is liable, is recognised as a provision in the statement of profit and loss.

iii. Other long-term benefits

Long-term compensated absences are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet. Actuarial gains / losses, if any, are immediately recognised in the statement of profit and loss.

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k) Miscellaneous Expenditure :

Expenses included under the head 'Miscellaneous Expenditure' are amortised over the period of estimated future benefits not exceeding ten years.

l) Employee Stock Compensation cost :

The Company measures compensation cost relating to employee stock option using the fair value method. Discount on Equity Shares as compensation expenses under the Employee Stock Option Scheme, is amortised in accordance with Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 issued by Securities and Exchange Board of India (SEBI) and the Guidance Note on Accounting for Employee Share-based payments, issued by the Institute of Chartered Accountants of India.

m) Borrowing Costs and Share Issue Expenses :

i. Borrowing cost attributable to acquisition and construction of assets that necessarily takes substantial period of time are capitalised as part of the cost of such assets up to the date when such assets are ready for intended use.

ii. Expenses on issue of Shares, Debentures and Bonds as well as Premium on Redemption of Debentures are adjusted to Securities Premium Account in accordance with Section 78 of the Companies Act, 1956.

iii. Borrowing cost such as discount or premium and ancillary costs in connection with arrangement of borrowings are amortised over the period of borrowings.

iv. Other borrowing costs are charged as expense in the year in which these are incurred.

n) Taxation :

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available against which these assets can be realised in future whereas in case of existence of carry forward of losses or unabsorbed depreciation, deferred tax assets are recognised only if there is virtual certainty of realisation backed by convincing evidence.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

o) Leases :

Where the Company is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Where the Company is the lessor

i. Assets given under finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease rentals are apportioned between principal and interest on the Internal rate of return (IRR) method. The principal amount received reduces the net investment in the lease and interest is recognized as revenue. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of profit and loss.

ii. Assets subject to operating leases are included in fixed assets. Lease income is recognised in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of profit and loss.

p) Segment Reporting Policies :

i. Identification of segments

The Company has only one business segment 'Cementitious Materials' as its primary segment. The analysis of geographical segment is based on the areas in which major operating divisions of the Company operate.

ii. Segment Policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

q) Cash and Bank balances :

i. Cash and Bank balances in the Balance Sheet comprise cash at bank including fixed deposits, cheques in hand and cash in hand.

ii. Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

r) Government grants and subsidies :

i. Grants and subsidies from the Government are recognised when there is reasonable certainty that the grant / subsidy will be received and all attaching conditions will be complied with.

ii. When the grant or subsidy relates to an expense item, it is recognised as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

iii. Where the grant or subsidy relates to an asset, its value is deducted from the gross value of the asset concerned in arriving at the carrying amount of the related asset.

iv. Government grants of the nature of Promoters' contribution are credited to capital reserve and treated as a part of Shareholders' Funds.

s) Earnings Per Share :

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

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Notes to Financial Statements *(Contd.)*

	As at 31.12.2012 ₹ in crores	As at 31.12.2011 ₹ in crores
3. Share capital		
Authorised		
2,500,000,000 (previous year - 2,500,000,000) Equity shares of ₹ 2 each	**500.00**	500.00
150,000,000 (previous year - 150,000,000) Preference shares of ₹ 10 each	**150.00**	150.00
Total	**650.00**	650.00
Issued		
1,542,510,956 (previous year - 1,534,695,781) Equity shares of ₹ 2 each fully paid-up	**308.51**	306.94
Subscribed and fully paid up		
1,542,184,436 (previous year - 1,534,369,261) Equity shares of ₹ 2 each fully paid-up	**308.44**	306.87

Additional information :

a) Reconciliation of equity shares outstanding

	As at 31.12.2012		As at 31.12.2011	
	No. of shares	₹ in crores	No. of shares	₹ in crores
At the beginning of the year	**1,534,369,261**	**306.87**	1,529,859,086	305.97
Add : Issued against Employee Stock Option Schemes (ESOS)	**7,815,175**	**1.57**	4,510,175	0.90
At the end of the year	**1,542,184,436**	**308.44**	1,534,369,261	306.87

b) Rights, preferences and restrictions attached to equity shares

The Company has one class of equity shares having a par value of ₹ 2 per share. Each shareholder is entitled to one vote per equity share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the equity shareholders are eligible to receive remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholding.

c) Equity shares held by holding company, ultimate holding company and their subsidiaries

	As at 31.12.2012 ₹ in crores	As at 31.12.2011 ₹ in crores
i) Holderind Investments Limited, Mauritius (HIL), the holding company		
629,638,433 (previous year - 621,032,990) equity shares of ₹ 2 each fully paid-up	**125.93**	124.21
ii) Holcim India Private Limited (HIPL)*		
150,670,120 (previous year - 150,670,120) equity shares of ₹ 2 each fully paid-up	**30.13**	30.13

d) Details of equity shares held by shareholders holding more than 5% shares in the Company

	As at 31.12.2012		As at 31.12.2011	
	No. of shares	% holding in the class	No. of shares	% holding in the class
i) Holderind Investments Limited, Mauritius	**629,638,433**	**40.83%**	621,032,990	40.47%
ii) Holcim India Private Limited*	**150,670,120**	**9.77%**	150,670,120	9.82%
iii) Life Insurance Corporation of India	**67,525,555**	**4.38%**	126,103,426	8.22%

As per the records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of shares.

e) Outstanding employee stock options exercisable into 10,165,025 (previous year - 18,591,025) equity shares of ₹ 2 each fully paid up (Refer note 32 (b)).

f) Outstanding tradable warrants and right shares kept in abeyance exercisable into 186,690 (previous year- 186,690) and 139,830 (previous year- 139,830) equity shares of ₹ 2 each fully paid-up respectively.

* As on 31.12.2011, equity shares were held by erstwhile Ambuja Cement India Private Limited, subsidiary of HIL, since amalgamated with HIPL. HIL and HIPL are subsidiaries of Holcim Limited, Switzerland, the ultimate holding company (Refer note 40).

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Notes to Financial Statements *(Contd.)*

		₹ in crores	As at 31.12.2012 ₹ in crores	As at 31.12.2011 ₹ in crores
4.	**Reserves and surplus**			
	Subsidies :			
	a) Cash subsidies from Government and other authorities			
	Balance as per the last financial statements	**4.60**		4.60
	Addition during the year, as capital investment subsidy from State Government	**0.30**		-
		4.90		4.60
	b) Grant-in-aid subsidy from DANIDA	**0.12**		0.12
			5.02	4.72
	Capital reserve		**130.71**	130.71
	Capital redemption reserve		**9.93**	9.93
	Securities premium account :			
	Balance as per the last financial statements	**1,295.86**		1,247.60
	Add : employee stock options exercised during the year	**81.50**		45.33
	Add : transferred from employee stock options outstanding	**7.79**		2.93
			1,385.15	1,295.86
	Employee stock options outstanding :			
	Balance as per the last financial statements	**32.11**		35.04
	Less : transferred to securities premium account on exercise of employee stock options	**7.79**		2.93
	Less : transferred to general reserve on lapse of employee stock options	**0.46**		-
			23.86	32.11
	General reserve :			
	Balance as per the last financial statements	**6,004.48**		5,304.48
	Add : transferred from surplus balance in the statement of profit and loss	**200.00**		700.00
	Add : transferred from employee stock options outstanding for lapsed employee stock options	**0.46**		-
			6,204.94	6,004.48
	Surplus in the statement of profit and loss :			
	Balance as per the last financial statements	**284.75**		325.35
	Profit for the year	**1,297.06**		1,228.86
	Less : appropriations			
	Provision for dividend distribution tax written back	**-**		0.83
	Interim equity dividend ₹ 1.40 per equity share (previous year - ₹ 1.40 per equity share)	**(215.52)**		(214.50)
	Tax on above equity dividend	**(34.96)**		(34.80)
	Proposed final equity dividend ₹ 2.20 per equity share (previous year - ₹ 1.80 per equity share)	**(339.28)**		(276.19)
	Tax on proposed equity dividend	**(55.04)**		(44.80)
	Transfer to general reserve	**(200.00)**		(700.00)
		(844.80)		(1,269.46)
			737.01	284.75
	Total		**8,496.62**	7,762.56

		Non-current		Current	
		As at 31.12.2012 ₹ in crores	As at 31.12.2011 ₹ in crores	As at 31.12.2012 ₹ in crores	As at 31.12.2011 ₹ in crores
5.	**Long-term borrowings**				
	Deferred payment liabilities				
	Unsecured				
	Sales tax deferment loan under sales tax incentive scheme of State Government *	**34.63**	42.80	**8.18**	6.56
	Total	**34.63**	42.80	**8.18**	6.56
	The above amount includes				
	Unsecured borrowings	**34.63**	42.80	**8.18**	6.56
	Amount disclosed under the head "Other current liabilities" (Refer note 9.2)	**-**	-	**(8.18)**	(6.56)
	Net amount	**34.63**	42.80	**-**	-

* Sales tax deferment loan is interest free and payable in 10 annual installments starting from April 2007 of varying amounts from ₹ 1.52 crores to ₹ 13.23 crores

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Notes to Financial Statements *(Contd.)*

	As at 31.12.2012 ₹ in crores	As at 31.12.2011 ₹ in crores
6. Deferred tax liabilities (net)		
Deferred tax liabilities, on account of :		
Depreciation and amortisation	**655.03**	726.36
	655.03	726.36
Deferred tax assets, on account of :		
Employee benefits	**34.04**	29.29
Provision for slow and non moving spares	**21.93**	21.97
Others	**50.81**	31.50
	106.78	82.76
Net deferred tax liabilities	**548.25**	643.60
7. Other long-term liabilities		
Liability for capital expenditure	**4.91**	3.82
Total	**4.91**	3.82

	Long-term		Short-term	
	As at 31.12.2012 ₹ in crores	As at 31.12.2011 ₹ in crores	As at 31.12.2012 ₹ in crores	As at 31.12.2011 ₹ in crores
8. Provisions				
Provision for employee benefits				
Provision for gratuity and staff benefit schemes	**9.26**	7.04	**0.10**	0.19
Provision for compensated absences	**-**	-	**67.57**	55.50
	9.26	7.04	**67.67**	55.69
Other provisions				
Provision for wealth tax, net off advances	**-**	-	**0.36**	0.34
Provision for Income tax, net off advances (including interest thereon)	**-**	-	**956.92**	795.91
Provision for mines reclamation expenses*	**11.63**	10.87	**1.26**	0.41
Proposed equity dividend	**-**	-	**339.28**	276.19
Provision for tax on proposed equity dividend	**-**	-	**55.04**	44.80
	11.63	10.87	**1,352.86**	1,117.65
Total	**20.89**	17.91	**1,420.53**	1,173.34

	₹ in crores	As at 31.12.2012 ₹ in crores	As at 31.12.2011 ₹ in crores
* Movement during the year			
Opening balance		**11.28**	11.54
Add : Provision during the year		**2.87**	0.53
		14.15	12.07
Less : Utilisation during the year		**1.26**	0.41
		12.89	11.66
Less : Reversal during the year		**-**	0.38
Closing balance		**12.89**	11.28

Mines reclamation expenses are incurred on an ongoing basis and until the closure of mines. The actual expenses may vary based on the nature of reclamation and the estimate of reclamation expenses.

9. Trade payables and other current liabilities			
9.1 Trade payables			
Trade payables (Refer note 39 for details of dues to micro and small enterprises)		**934.54**	951.16
Total		**934.54**	951.16
9.2 Other current liabilities			
Current maturities of long-term borrowing		**8.18**	6.56
Unclaimed dividends*	**19.75**		17.98
Unclaimed sale proceeds of the odd lot shares belonging to the shareholders of erstwhile ACEL and ACRL*	**2.63**		2.64
		22.38	20.62
Liability for capital expenditure		**60.52**	88.52
Security deposits		**243.21**	224.19
Interest payable		**21.99**	13.59
Advance received from customers		**67.67**	65.63
Excise duty payable		**96.93**	96.00
Service tax payable		**5.05**	4.75
TDS payable		**8.68**	7.54
Sales tax payable		**108.71**	96.30
Others		**12.55**	16.07
Total		**655.87**	639.77
Total		**1,590.41**	1,590.93

* Amount to be transferred to the Investor education and protection fund shall be determined on the respective due dates.

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10. Tangible and Intangible assets

₹ in crores

	Tangible assets														Intangible assets		
	Freehold non mining land (a)	Freehold mining land (a)	Leasehold land	Buildings, roads and water works (b)	Marine structures (c)	Plant and machinery (d)	Electrical installations	Railway sidings and locomotives (e)	Railway wagons given on lease (f)	Furniture and fixtures	Office equipment	Ships	Vehicles	Power lines (g)	Total	Water drawing rights	Computer software	Total
Gross carrying value, at cost																		
Opening as on 1st January, 2011	232.70	176.67	90.77	1,157.76	95.58	5,915.71	586.28	65.83	6.43	36.61	96.34	161.81	51.76	37.33	8,711.58	6.16	61.09	67.25
Additions	60.83	40.63	29.07	161.73	-	507.76	68.76	-	-	2.73	9.18	88.69	12.20	54.79	1,036.37	-	-	-
Deductions / Transfers	0.34	-	-	3.97	-	96.96	1.93	-	-	0.19	1.80	-	7.72	-	112.91	-	-	-
As at 31st December, 2011	293.19	217.30	119.84	1,315.52	95.58	6,326.51	653.11	65.83	6.43	39.15	103.72	250.50	56.24	92.12	9,635.04	6.16	61.09	67.25
Additions	**28.49**	**37.74**	**6.83**	**81.89**	**-**	**313.08**	**22.92**	**0.41**	**-**	**2.85**	**10.00**	**0.38**	**23.61**	**4.06**	**532.26**	**-**	**-**	**-**
Deductions / Transfers	**0.12**	**-**	**-**	**0.26**	**-**	**37.32**	**4.10**	**-**	**-**	**0.88**	**4.03**	**-**	**4.17**	**0.04**	**50.92**	**-**	**-**	**-**
As at 31st December, 2012	**321.56**	**255.04**	**126.67**	**1,397.15**	**95.58**	**6,602.27**	**671.93**	**66.24**	**6.43**	**41.12**	**109.69**	**250.88**	**75.68**	**96.14**	**10,116.38**	**6.16**	**61.09**	**67.25**
Depreciation / amortisation																		
Opening as on 1st January, 2011	-	-	9.71	167.28	52.09	2,459.82	191.33	27.08	4.23	22.57	44.83	76.37	31.00	9.56	3,095.87	5.06	50.14	55.20
Charge for the year (h)	-	-	2.13	31.76	3.82	333.52	31.37	2.92	0.30	1.74	8.80	9.93	6.57	2.26	435.12	0.51	9.69	10.20
Deductions / Transfers	-	-	-	0.91	-	70.58	1.81	-	-	0.17	1.35	-	5.74	-	80.56	-	-	-
As at 31st December, 2011	-	-	11.84	198.13	55.91	2,722.76	220.89	30.00	4.53	24.14	52.28	86.30	31.83	11.82	3,450.43	5.57	59.83	65.40
Charge for the year (h)	**-**	**32.09**	**2.72**	**75.54**	**3.82**	**610.22**	**69.31**	**2.92**	**0.31**	**2.35**	**15.58**	**11.49**	**9.14**	**7.89**	**843.38**	**0.22**	**1.19**	**1.41**
Deductions / Transfers	**-**	**-**	**-**	**0.08**	**-**	**29.09**	**2.86**	**-**	**-**	**0.81**	**3.29**	**-**	**3.21**	**0.02**	**39.36**	**-**	**-**	**-**
As at 31st December, 2012	**-**	**32.09**	**14.56**	**273.59**	**59.73**	**3,303.89**	**287.34**	**32.92**	**4.84**	**25.68**	**64.57**	**97.79**	**37.76**	**19.69**	**4,254.45**	**5.79**	**61.02**	**66.81**
Net carrying value																		
As at 31st December, 2011	293.19	217.30	108.00	1,117.39	39.67	3,603.75	432.22	35.83	1.90	15.01	51.44	164.20	24.41	80.30	6,184.61	0.59	1.26	1.85
As at 31st December, 2012	**321.56**	**222.95**	**112.11**	**1,123.56**	**35.85**	**3,298.38**	**384.59**	**33.32**	**1.59**	**15.44**	**45.12**	**153.09**	**37.92**	**76.45**	**5,861.93**	**0.37**	**0.07**	**0.44**

Notes :

(a) During the year, the Company has reclassified cost of freehold land into mining land and non mining land. Cost of mineral reserve embedded in the cost of freehold mining land has been depreciated in proportion of actual quantity of minerals extracted to the estimated quantity of extractable mineral reserves. Accordingly, depreciation expense for the year ended 31st December, 2012 includes ₹ 27.91 crores in respect of earlier years.

(b) Includes :

i) Premises on ownership basis of ₹ 102.91 crores (previous year - ₹ 93.34 crores) and ₹ 11.17 crores (previous year - ₹ 8.26 crores) being the depreciation thereon upto 31st December, 2012 and cost of shares in co-operative societies are ₹ 12,630/- (previous year - ₹ 12,630/-).

ii) ₹ 18.93 crores (previous year - ₹ 18.33 crores) being cost of roads constructed by the Company, ownership of which vests with the Government / Local Authorities and ₹ 1.90 crores (previous year - ₹ 1.34 crores) being the depreciation thereon upto 31st December, 2012.

(c) Cost incurred by the Company, ownership of which vests with the State Maritime Boards.

(d) Includes ₹ 31.68 crores (previous year - ₹ 31.68 crores) being cost of bulkers and tippers used as material handling equipment, which are being depreciated under the "written down value method" at the rate applicable to vehicles and ₹ 23.84 crores (previous year - ₹ 20.48 crores) being the depreciation thereon upto 31st December, 2012.

(e) Includes ₹ 10.08 crores (previous year - ₹ 10.08 crores) being cost of railway siding constructed by the Company, ownership of which vests with the Government / Railway authorities and ₹ 3.31 crores (previous year - ₹ 2.83 crores) being the depreciation thereon upto 31st December, 2012.

(f) Railway wagons given on lease to the railway under "Own Your Wagon Scheme".

(g) Cost incurred by the Company, ownership of which vests with the State Electricity Boards.

(h) Include ₹ 0.44 crore (previous year - ₹ 0.17 crore) capitalised as pre-operative expenses and exceptional item of ₹ 279.13 crores (previous year - Nil).

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Notes to Financial Statements *(Contd.)*

		₹ in crores	As at 31.12.2012 ₹ in crores	As at 31.12.2011 ₹ in crores
11.	**Non-current investments**			
	Unquoted			
	Trade investments (valued at cost, unless stated otherwise)			
	Investment in subsidiaries			
	In fully paid equity shares			
100,000	(50,000) equity shares of ₹10 each in Kakinada Cements Limited	**0.10**		0.05
749,990	(749,990) equity shares of ₹10 each in M.G.T. Cements Private Limited	**3.05**		3.05
5,139,990	(139,990) equity shares of ₹10 each in Chemical Limes Mundwa Private Limited	**6.47**		1.47
2,029,135	(1,236,405) equity shares of Nepali ₹ 100 each in Dang Cement Industries Private Limited	**24.75**		19.13
1,660,306	(1,245,230) equity shares of ₹10 each in Dirk India Private Limited ...	**21.81**		16.52
			56.18	40.22
	Investment in joint ventures (Refer note 43)			
	In fully paid equity shares			
4,010,002	(4,010,002) equity shares of ₹10 each in Counto Microfine Products Private Limited	**10.00**		10.00
1,227,150	(545,400) equity shares of ₹10 each in Wardha Vaalley Coal Field Private Limited	**1.23**		0.55
			11.23	10.55
	In fully paid preference shares			
15,000,000	(15,000,000) 6.50% redeemable cumulative preference shares of ₹10 each in Counto Microfine Products Private Limited		**15.00**	15.00
	Redeemable at par in 3 years from the date of issue, i.e., 19th May, 2010. The tenure can be extended by a further period of two years.			
	Other investments (valued at cost, unless stated otherwise)			
	Government and trust securities			
	National savings certificate ₹31,500/- (previous year - ₹31,500/-) deposited with Government department as security			
	In fully paid equity shares			
1,000,000	(1,000,000) equity shares of ₹10 each in Gujarat Goldcoin Ceramics Limited	**1.00**		1.00
	Less : Provision for diminution in value of investment	**1.00**		1.00
			-	-
	Public sector bonds			
296	(296) 5.13% taxable redeemable bonds of ₹1,000,000 each of Himachal Pradesh Infrastructure Development Bonds, redeemable at par on 30th April, 2014 (Refer note 29 (B))		**29.60**	29.60
	Total		**112.01**	95.37

	Book value as on 31.12.2012 ₹ in crores	Book value as on 31.12.2011 ₹ in crores
Aggregate amount of unquoted investments	**113.01**	96.37
Less : aggregate provision for diminution in value of investments	**1.00**	1.00
Total	**112.01**	95.37

	Non-current As at 31.12.2012 ₹ in crores	Non-current As at 31.12.2011 ₹ in crores	Current As at 31.12.2012 ₹ in crores	Current As at 31.12.2011 ₹ in crores
12. Loans and advances				
Unsecured, considered good				
Capital advances	**161.18**	87.50	**-**	-
Security deposit....	**64.38**	64.81	**-**	-
Loans and advances to related parties *	**7.50**	5.00	**2.50**	0.44
Deposit given to Housing Development Finance Corporation Limited	**-**	-	**100.00**	100.00
Advances recoverable in cash or kind	**3.18**	2.02	**61.54**	63.66
Other loans and advances				
Balances with Statutory / Government authorities	**3.61**	3.22	**51.33**	35.36
Incentives receivable under Central / State Government incentive schemes	**253.59**	227.99	**17.68**	21.16
Loans to employees	**3.08**	1.12	**2.02**	2.47
Surplus of plan assets over plan liabilities of gratuity....	**-**	-	**-**	1.70
Prepaid expenses	**31.37**	29.90	**13.98**	11.72
Income tax advances (net off provision)....	**119.42**	85.20	**-**	-
Carried forward	**647.31**	506.76	**249.05**	236.51

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Notes to Financial Statements *(Contd.)*

	Non-current		Current	
	As at 31.12.2012 ₹ in crores	As at 31.12.2011 ₹ in crores	**As at 31.12.2012 ₹ in crores**	As at 31.12.2011 ₹ in crores
12. Loans and advances *(Contd.)*				
Brought forward	**647.31**	506.76	**249.05**	236.51
Unsecured, considered doubtful				
Capital advances	**3.21**	2.96	**-**	-
Incentives receivable under Central / State Government incentive schemes	**31.84**	-	**-**	-
Advances recoverable in cash or kind	**-**	-	**9.26**	9.88
	35.05	2.96	**9.26**	9.88
Provision for doubtful advances	**(35.05)**	(2.96)	**(9.26)**	(9.88)
Total	**647.31**	506.76	**249.05**	236.51
* Loans and advances to related parties :				
Chemical Limes Mundwa Private Limited	**-**	-	**-**	0.44
Dirk India Private Limited	**7.50**	5.00	**2.50**	-
	7.50	5.00	**2.50**	0.44
13. Trade receivable and other assets				
13.1 Trade receivables				
Outstanding for a period exceeding six months from the date they are due for payment				
Secured, considered good	**-**	-	**0.47**	0.28
Unsecured, considered good	**-**	-	**1.31**	1.34
Unsecured, considered doubtful	**-**	-	**7.40**	7.14
	-	-	**9.18**	8.76
Provision for doubtful receivables	**-**	-	**(7.40)**	(7.14)
	-	-	**1.78**	1.62
Others				
Secured, considered good	**-**	-	**83.35**	85.49
Unsecured, considered good	**-**	-	**128.24**	153.74
	-	-	**211.59**	239.23
Total	**-**	-	**213.37**	240.85
13.2 Other assets				
Unsecured, considered good unless stated otherwise				
Non-current bank balance (Refer note 16)	**8.02**	2.15	**-**	-
Interest accrued on fixed deposit	**-**	-	**22.91**	18.14
Interest accrued on investments	**-**	-	**1.02**	1.02
Interest accrued on loan to subsidiary	**-**	-	**0.74**	0.17
Deferred revenue expenditure to the extent not adjusted written off	-	-	**-**	0.27
Scrapped assets awaiting disposal (at net book value or estimated net realisable value whichever is less)	**-**	-	**0.82**	0.84
Others	**-**	-	**5.46**	3.49
Total	**8.02**	2.15	**30.95**	23.93

14. Current investments

Current investments (valued at lower of cost and fair value, unless stated otherwise) :

Unquoted mutual funds, fully paid-up :

		As at 31.12.2012 ₹ in crores	As at 31.12.2011 ₹ in crores
863,082.574	(384,954.326) units of Axis Liquid Fund - Growth of ₹1,000 each in Axis Mutual Fund	**108.97**	44.27
622,543.004	(219,590.890) units of Baroda Pioneer Liquid Fund - Growth of ₹1,000 each in Baroda Pioneer Mutual Fund	**79.21**	25.91
-	(10,000,000.000) units of Baroda Pioneer 90 Day FMP Series - 5 - Growth Plan of ₹10 each of Baroda Pioneer Mutual Fund	**-**	10.00
5,410,198.741	(3,079,472.772) units of Birla Sun Life Cash Plus - Growth - Regular plan of ₹100 each in Birla Sunlife Mutual Fund	**97.62**	50.95
-	(6,237,602.765) units of BNP Paribas Overnight - Institutional Growth of ₹10 each in BNP Paribas Mutual Fund	**-**	10.00
153,518.589	(157,599.536) units of Canara Robeco Liquid Fund - Regular Growth of ₹1,000 each in Canara Robeco Mutual Fund	**20.00**	20.00
6,873,009.673	(2,130,499.179) units of DWS Insta Cash Plus Fund - Super Institutional Plan Growth of ₹100 each in Deutsche Mutual Fund	**101.18**	28.85
	Carried forward	**406.98**	189.98

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14. Current investments *(Contd.)*

		As at 31.12.2012 ₹ in crores	As at 31.12.2011 ₹ in crores
	Brought forward	**406.98**	189.98
394,273.636	(257,481.082) units of DSP BlackRock Liquidity Fund - Institutional Plan - Growth of ₹1,000 each in DSP BlackRock Mutual Fund	**63.36**	38.10
-	(10,000,000.000) units of DSP BlackRock FMP - Series 19 -3M - Growth Option of ₹10 each of DSP BlackRock Mutual Fund	-	10.00
-	(19,307,578.079) units of HDFC Liquid Fund - Premium Plan - Growth of ₹10 each in HDFC Mutual Fund	-	40.41
41,677,278.063	(-) units of HDFC Liquid Fund - Growth of ₹10 each in HDFC Mutual Fund	**93.80**	-
6,557,648.159	(3,862,138.926) units of ICICI Prudential Liquid Plan Growth of ₹100 each in ICICI Prudential Mutual Fund	**109.06**	59.50
-	(4,499,356.000) units of ICICI Prudential Interval Fund Quarterly Interval Plan - I Institutional - Cumulative of ₹10 each of ICICI Prudential Mutual Fund	-	5.00
-	(4,758,686.000) units of ICICI Prudential Interval Fund II - Quarterly Interval Plan C Institutional - Cumulative of ₹10 each of ICICI Prudential Mutual Fund	-	5.00
679,019.930	(208,785.783) units of IDFC Cash Fund - Regular Plan - Growth of ₹1,000 each in IDFC Mutual Fund	**93.69**	26.23
599,050.541	(326,944.911) units of IDBI Liquid Fund - Growth Plan of ₹1000 each in IDBI Mutual Fund	**71.44**	36.50
35,287,378.687	(24,257,983.546) units of JP Morgan India Liquid Fund - Super Institutional Growth Plan of ₹10 each in JP Morgan Mutual Fund	**51.68**	32.32
-	(27,055,820.971) units of JM High Liquidity Fund - Super Institutional Plan - Growth of ₹10 each in JM Financial Mutual Fund	-	44.16
14,478,163.766	(-) units of JM High Liquidity Fund - Growth of ₹10 each in JM Financial Mutual Fund	**45.00**	-
22,887,384.547	(11,917,636.358) units of Kotak Liquid Scheme Plan A - Growth of ₹10 each in Kotak Mutual Fund	**51.47**	24.76
-	(3,988,258.567) units of Kotak Quarterly Interval Plan Series 7 - Growth of ₹10 each of Kotak Mutual Fund	-	5.00
-	(10,000,000.000) units of L&T FMP -V (November 90D A) - Growth Option of ₹10 each of L & T Mutual Fund	-	10.00
195,370.228	(151,389.498) units of L&T Liquid - Growth of ₹1000 each in L&T Mutual Fund	**30.00**	21.54
144,162.428	(80,128.699) units of Principal Cash Management Fund - Regular Plan - Growth option of ₹1000 each in Principal Mutual Fund	**25.00**	13.03
-	(29,182,968.425) units of Reliance Liquidity Fund - Growth Option of ₹10 each in Reliance Mutual Fund	-	45.81
714,420.195	(-) units of Reliance Liquidity Fund - Growth Option of ₹1000 each in Reliance Mutual Fund	**122.49**	-
528,783.265	(257,573.013) units of Religare Liquid Fund - Growth of ₹1000 each in Religare Mutual Fund	**81.93**	36.79
-	(15,298,849.638) units of SBI Premier Liquid Fund - Super Institutional - Growth of ₹10 each in SBI Mutual Fund	-	25.06
708,527.949	(-) units of SBI Premier Liquid Fund - Regular Plan - Growth of ₹1000 each in SBI Mutual Fund	**124.75**	-
263,768.772	(121,440.229) units of Tata Liquid Fund Plan A - Growth of ₹1000 each in TATA Mutual Fund	**54.23**	22.82
-	(71,453.003) units of Tata Liquidity Management Fund - Growth of ₹1000 each in TATA Mutual Fund	-	10.00
-	(3,000,000.000) units of Taurus Fixed Maturity Plan Series K 91 Days Growth Plan of ₹10 each of Taurus Mutual Fund	-	3.00
644,751.137	(112,819.189) units of UTI Liquid Cash Plan Institutional - Growth Option of ₹1000 each in UTI Mutual Fund	**118.95**	18.93
-	(129,888.960) units of UTI Money Market Fund Institutional Growth Plan of ₹ 1,000 each in UTI Mutual Fund	-	15.00
-	(9,008,603.216) units of UTI Fixed Income Interval Fund-Series II - Quarterly Interval Plan V - Institutional Growth Plan of ₹10 each of UTI Mutual Fund	-	10.00
-	(7,170,669.095) units of UTI Fixed Income Interval Fund- Quarterly Plan - Series III - Institutional Growth Plan of ₹10 each of UTI Mutual Fund	-	10.00
-	(8,694,064.562) units of UTI Fixed Income Interval Fund- Quarterly Interval Plan - Series I - Institutional Growth of ₹10 each of UTI Mutual Fund	-	10.00
	Total	**1,543.83**	768.94

	Book Value as on 31.12.2012 ₹ in crores	31.12.2011 ₹ in crores
Aggregate amount of unquoted investments	**1,543.83**	768.94
Total	**1,543.83**	768.94

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Notes to Financial Statements *(Contd.)*

	As at 31.12.2012 ₹ in crores	As at 31.12.2011 ₹ in crores
15. Inventories		
(At cost, less provision for slow and non moving inventory and net realisable value whichever is lower)		
Raw materials (including in transit - ₹ 2.08 crores; previous year - ₹ 0.99 crore)	**53.81**	45.46
Work-in-progress	**303.04**	161.67
Finished goods	**144.99**	85.53
Stores and spares (including in transit - ₹ 8.51 crores; previous year - ₹ 3.35 crores)	**228.73**	238.54
Coal and fuel (including in transit - ₹ 5.11 crores; previous year - ₹ 71.78 crores)	**239.55**	380.30
Packing materials (including in transit - ₹ 0.60 crore; previous year - ₹ Nil)	**13.81**	13.47
Total	**983.93**	924.97

	Non-current		Current	
	As at 31.12.2012 ₹ in crores	As at 31.12.2011 ₹ in crores	As at 31.12.2012 ₹ in crores	As at 31.12.2011 ₹ in crores
16. Cash and bank balances				
Cash and cash equivalents				
Balances with bank :				
In current accounts			**132.21**	154.54
Deposit with original maturity upto 3 months			**2,061.00**	1,855.00
			2,193.21	2,009.54
Cash on hand			**0.34**	0.27
Earmarked balances with banks			**22.38**	20.62
			2,215.93	2,030.43
Other bank balances :				
Fixed deposit with banks*				
Original maturity more than 3 months and upto 12 months	**-**	-	**37.79**	30.65
Original maturity more than 12 months	**8.02**	2.15	**-**	8.00
	8.02	2.15	**37.79**	38.65
Amount disclosed under non-current asset (Refer note 13.2)	**(8.02)**	(2.15)	**-**	-
Total	**-**	-	**2,253.72**	2,069.08

*Margin money deposits given as security against bank guarantees and others.

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	₹ in crores	2012 ₹ in crores	2011 ₹ in crores
17. Other operating revenues			
Sale of power		**2.55**	8.12
Provisions no longer required		**19.78**	7.93
Sale of scrap		**17.53**	18.25
Miscellaneous income		**15.50**	15.64
Total		**55.36**	49.94
18. Other income			
Interest income on			
Bank deposits	**204.16**		146.52
Long-term investments	**1.52**		1.52
Income tax refund	**23.80**		3.83
Others	**4.48**		3.64
		233.96	155.51
Discounting income on sales tax loan		**15.96**	15.78
Profit on sale of current investments		**71.89**	59.16
Profit on sale of fixed assets		**1.71**	12.24
Insurance claims		**11.66**	5.18
Others		**13.69**	-
Total		**348.87**	247.87
19. Cost of raw material consumed (Refer note 45)			
Opening stock		**45.46**	52.45
Add : purchases		**680.11**	570.39
Less : closing stock		**53.81**	45.46
Total		**671.76**	577.38
Break-up of raw materials consumed			
Fly ash		**298.27**	218.94
Gypsum		**236.20**	200.19
Others		**137.29**	158.25
Total		**671.76**	577.38

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Notes to Financial Statements *(Contd.)*

	₹ in crores	2012 ₹ in crores	2011 ₹ in crores
20. Changes in inventories of finished goods and work-in-progress			
Closing stock :			
Work - in - progress - clinker	**283.08**		139.29
Work - in -progress - others	**19.96**		22.38
Finished goods	**144.99**		85.53
		448.03	247.20
Opening stock :			
Work - in - progress - clinker	**139.29**		203.39
Work - in -progress - others	**22.38**		25.86
Finished goods	**85.53**		74.95
		247.20	304.20
Total		**(200.83)**	57.00
21. Employee benefits expense			
Salaries and wages		**404.06**	361.75
Contribution to provident and other fund		**45.59**	35.42
Employee compensation expenses under ESOS (Refer note 32(d), 32(e) and 51)		**-**	9.45
Staff welfare expenses		**28.86**	26.58
Total		**478.51**	433.20
22. Freight and forwarding expenses (refer note 45)			
On internal material transfer		**584.35**	475.45
On finished products		**1,691.50**	1,457.91
Total		**2,275.85**	1,933.36
23. Finance costs			
Interest :			
On Income tax (net off interest income on refund ₹26.81 crores; previous year - ₹15.50 crores)	**39.72**		24.06
Others	**35.94**		28.57
		75.66	52.63
Total		**75.66**	52.63
24. Depreciation and amortisation expense			
Depreciation on tangible assets (Refer note 10 (a))		**563.81**	434.95
Amortisation on intangible assets		**1.41**	10.20
Total		**565.22**	445.15
25. Other expenses			
Royalty and cess		**142.29**	127.63
Stores and spares consumed		**326.87**	305.50
Provision for slow and non moving spares (net)		**-**	6.67
Packing materials consumed		**338.75**	287.18
Mines reclamation expenses		**2.87**	0.15
Repairs and maintenance :			
Building	**3.91**		7.86
Plant and machinery	**136.40**		126.28
Others	**16.33**		15.44
		156.64	149.58
Excise duty (Refer note 46) :			
Excise duty on captive consumption of clinker	**44.12**		51.98
Excise duty variation on opening / closing stock	**10.96**		2.49
		55.08	54.47
Rent		**28.35**	25.56
Rates and taxes :			
Rates and taxes	**8.75**		4.44
Wealth tax	**0.18**		0.17
Entry tax, additional tax and purchase tax etc.	**8.27**		12.56
		17.20	17.17
Insurance		**26.36**	23.25
Legal and professional fees (Refer note 50)		**75.96**	88.77
Directors' fees and expenses		**0.27**	0.19
Commission to non-executive directors		**1.86**	1.71
Advertisement and publicity		**89.72**	75.94
Commission on sales		**22.88**	22.54
Discount on sales		**45.71**	69.74
Selling and distribution expenses		**15.95**	17.38
Carried forward		**1,346.76**	1,273.43

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	₹ in crores	2012 ₹ in crores	2011 ₹ in crores
25. Other expenses *(Contd.)*			
Brought forward		**1,346.76**	1,273.43
Exchange rate difference (net)		**2.49**	2.24
Donations		**40.06**	32.65
Loss on assets sold, discarded and written off (Refer note 48)		**8.82**	20.89
Bad debts, sundry debit balances and claims written off		**1.56**	2.36
Provision for doubtful debts and advances (net) (Refer note 52)		**31.73**	1.08
Deferred revenue expenditure, written off		**0.27**	0.19
Miscellaneous expenses* (Refer note 50)		**277.99**	248.82
Total		**1,709.68**	1,581.66
* Miscellaneous expenses include			
Payments to auditors (excluding service tax)			
Statutory auditors			
As auditors	**1.57**		1.24
Fees for limited review	**0.36**		0.36
Fee for tax financial statements	**0.18**		0.18
Certification fees	**0.03**		0.23
Reimbursement of expenses	**0.09**		0.12
	2.23		2.13
Cost auditors	**0.05**		0.07
		2.28	2.20

	2012 ₹ in crores	2011 ₹ in crores
26. Exceptional items		
Depreciation on tangible assets (Refer note 1 (B))	**279.13**	-
Employee compensation expenses under ESOS (Refer note 32(d), 32(e) and 51)	**-**	24.25
Total	**279.13**	24.25

27. Earnings per equity share (EPS) :

	2012	2011
(i) Profit attributable to equity shareholders for basic and diluted EPS	**1,297.06**	1,228.86
	Nos.	Nos.
(ii) Weighted average number of equity shares for basic EPS	**1,537,900,433**	1,531,526,874
Add : Potential equity shares on exercise of option of ESOS	**4,554,733**	4,718,193
Add : Potential equity shares on exercise of rights and warrants kept in abeyance out of the rights issue in 1992	**278,802**	261,677
Weighted average number of shares for diluted EPS	**1,542,733,968**	1,536,506,744
	₹	₹
(iii) Nominal value of equity share	**2.00**	2.00
(iv) Earnings per equity share :		
Basic	**8.43**	8.02
Diluted	**8.41**	8.00

28. Segment reporting :

The Company has only one business segment 'Cementitious Materials' as primary segment. The secondary segment is geographical, which is given as under :

	2012 ₹ in crores	2011 ₹ in crores
(a) Revenue from operations		
(i) Sale of products (Net of excise duty)		
Within India	**9,621.92**	8,401.16
Outside India	**53.02**	103.16
	9,674.94	8,504.32
(ii) Other operating revenue		
Within India	**55.17**	47.99
Outside India	**0.19**	1.95
	55.36	49.94

(b) All the assets of the company, except the investments, trade receivables and loans and advances amounting to ₹ 31.75 crores (previous year - ₹ 44.81 crores), are within India.

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	As at 31.12.2012 ₹ in crores	As at 31.12.2011 ₹ in crores
29. (A) Contingent liabilities and commitments (to the extent not provided for)		
(i) Contingent liabilities		
(a) Claims against the Company not acknowledged as debts		
(i) Disputed liability relating to labour matters	**18.95**	17.25
(ii) For acquisition of land	**67.03**	64.77
(iii) Others	**31.36**	19.56
(b) Guarantees		
Guarantees given on behalf of a joint venture company	**3.67**	3.67
(c) Other matters for which the company is contingently liable		
(i) Tax matters		
(a) Disputed liability in respect of Income-tax demands (including interest) - matters under appeal	**5.37**	65.49
(b) Disputed Sales - tax demands (including interest and penalty)	**16.24**	16.31
(c) Disputed Excise demands - matters under appeal	**27.81**	23.97
(d) Disputed Customs demands - matters under appeal	**-**	0.52
(e) Disputed liability of RTO tax on mining machinery	**0.80**	0.80
(f) Disputed Land tax demands	**14.38**	16.38
(ii) Disputed liabilities relating to railway freight on cement - matter once decided in favour of the Company by the Honourable High Court of Gujarat was remanded back by the Honourable Supreme Court pursuant to a Special Leave Petition filed by the railways.	**7.65**	7.38
(iii) Disputed liabilities relating to coal claims - matter pending in the Honourable High Court :		
(a) Railway freight on coal	**1.60**	1.60
(b) Penal freight on excess weight of coal	**0.24**	0.24
(c) Interest on premium on coal	**3.29**	3.29
(iv) The Competition Commission of India issued an order dated 20th June, 2012, imposing penalty on certain cement manufacturers, including the Company, concerning alleged contravention of the provisions of the Competition Act, 2002, and imposed a penalty of ₹ 1,163.91 crores on the Company. The Company has filed an appeal against the said order with the appropriate authority, which is pending for disposal.	**1,163.91**	-
(v) Others	**-**	5.61
In respect of items above, future cash outflows in respect of contingent liabilities are determinable only on receipt of judgements / decisions pending at various forums / authorities.		
(ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).	**680.85**	324.70
(B) The Honourable High Court of Himachal Pradesh had passed an order in favour of the Company for its claim in respect of power subsidy in the form of Power Tariff Freeze (PTF) and Peak Load Exemption Charges (PLEC). Against this, Government of Himachal Pradesh on 1st May, 2004 had issued 296, 5.13% H P Infrastructure Development Bonds of face value of ₹ 10 lakhs each, having a value of ₹ 29.60 crores redeemable after 10 years and balance of ₹ 0.08 crore was refunded to the Company.		
The Government of Himachal Pradesh has filed Special Leave Petition in the Honourable Supreme Court against the decision of the Honourable High Court of Himachal Pradesh. The Company has given an undertaking to refund ₹ 29.68 crores paid by the State Government together with interest thereon up to the date of final judgment in time bound manner, in the event that the matter is decided against the Company.	**29.68**	29.68
(C) The Government of Rajasthan has granted 75% exemption from Sales Tax in respect of Rabriyawas unit. However, the eligibility of exemption in excess of 25% has been contested by the State Government in a similar matter of another Company and the matter is pending before the Honourable Supreme Court. The Company has given an undertaking to the Government of Rajasthan that the Company will deposit the differential amount of Sales tax, in case the Supreme Court's decision goes against in the matter referred above.	**82.16**	82.16
(D) Writ petition filed against the order of Madhya Pradesh State Mining Department demanding ₹ 4.76 crores excluding interest ₹ 1.13 crores towards payment of additional royalty on limestone based on the ratio of 1.6 tonnes of limestone to 1 tonne of cement produced at its factory in Chhattisgarh. The matter is now pending before Honourable High Court at Bilaspur.	**85.02**	69.58

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Notes to Financial Statements *(Contd.)*

30. Related party disclosure :

(A) Names of the related parties where control exists : — **Nature of Relationship**

	Name	Nature of Relationship
(i)	Holcim Limited, Switzerland	Ultimate Holding Company
(ii)	Holderfin BV, Netherlands	Intermediate Holding Company
(iii)	Holderind Investments Limited, Mauritius	Holding Company
(iv)	Kakinada Cements Limited, India	Subsidiary
(v)	M.G.T.Cements Private Limited, India	Subsidiary
(vi)	Chemical Limes Mundwa Private Limited, India	Subsidiary
(vii)	Dang Cement Industries Private Limted, Nepal	Subsidiary (w.e.f. 06.05.2011)
(viii)	Dirk India Private Limited, India	Subsidiary (w.e.f. 01.10.2011)
(ix)	Wardha Vaalley Coal Field Private Limited, India	Joint Venture
(x)	Counto Microfine Products Private Limited, India	Joint Venture

(B) Others-with whom transactions have been taken place during the year

(i) Names of other related parties — **Nature of Relationship**

	Name	Nature of Relationship
(a)	Dirk Pozzocrete (MP) Private Limited, India	Step down subsidiary (w.e.f. 01.10.2011)
(b)	ACC Concrete Limited, India	Fellow Subsidiary (merged with ACC Limited w.e.f. 01.01.2012)
(c)	ACC Limited, India	Fellow Subsidiary
(d)	Holcim (India) Private Limited, India	Fellow Subsidiary
(e)	Bulk Cement Corporation (India) Limited, India	Fellow Subsidiary
(f)	Holcim (Lanka) Limited, Sri Lanka	Fellow Subsidiary
(g)	Holcim Malaysia SDN BHD, Malaysia	Fellow Subsidiary
(h)	Holcim (Vietnam) Limited, Vietnam	Fellow Subsidiary
(i)	Holcim Environment Services SA, Belgium	Fellow Subsidiary
(j)	Holcim Group Support Limited, Switzerland	Fellow Subsidiary
(k)	Holcim Philippines Inc. Philippines	Fellow Subsidiary
(l)	Holcim Services (South Asia) Limited, India	Fellow Subsidiary
(m)	Holcim Services Asia Limited, Thailand	Fellow Subsidiary
(n)	Holcim Trading FZCO, UAE	Fellow Subsidiary
(o)	Holcim Trading Pte Limited, Singapore	Fellow Subsidiary
(p)	Holcim Trading SA, Spain	Fellow Subsidiary
(q)	PT Holcim Indonesia Tbk., Indonesia	Fellow Subsidiary
(r)	Siam City Cement Public Co. Limited, Thailand	Fellow Subsidiary

(ii) Key Management Personnel :

Names of related parties	Nature of Relationship
Mr. Onne van der Weijde	Managing Director

(iii) Enterprises over which significant influence exercised by Directors

Names of related parties	Name of the Director
GACL Finance Limited, India	Mr. N. S. Sekhsaria

Details of related party transactions

Sr. No.	Description	**2012** **₹ in crores**	2011 ₹ in crores
A)	**Transactions with subsidiary companies**		
1	Purchase of goods	**-**	-
	Dirk India Private Limited (₹ 16,861)		-
2	Sale of goods	**0.20**	-
	Dirk India Private Limited	**0.20**	-
3	Interest received	**0.97**	0.18
	Chemical Limes Mundwa Private Limited	**0.03**	0.04
	Dirk India Private Limited	**0.94**	0.14
	Kakinada Cements Limited (₹ 2,762)		-
4	Equity contribution	**9.55**	-
	Chemical Limes Mundwa Private Limited	**5.00**	-
	Dang Cement Industries Private Limted	**4.50**	-
	Kakinada Cements Limited	**0.05**	-

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Notes to Financial Statements *(Contd.)*

30. Related party disclosure : *(Contd.)*

Details of related party transactions *(Contd.)*

Sr. No.	Description	2012 ₹ in crores	2011 ₹ in crores
A)	**Transactions with subsidiary companies** *(Contd.)*		
5	Loans given	**5.58**	5.19
	Chemical Limes Mundwa Private Limited	**0.56**	0.19
	Dirk India Private Limited	**5.00**	5.00
	Kakinada Cements Limited	**0.02**	-
6	Loans given repaid	**1.02**	-
	Chemical Limes Mundwa Private Limited	**1.00**	-
	Kakinada Cements Limited	**0.02**	-
7	Loans given outstanding at the year end	**10.00**	5.44
	Chemical Limes Mundwa Private Limited	**-**	0.44
	Dirk India Private Limited	**10.00**	5.00
8	Amounts receivable at the year end	**0.88**	0.17
	Chemical Limes Mundwa Private Limited	**-**	0.03
	Dirk India Private Limited	**0.88**	0.14
B)	**Transactions with fellow subsidiaries**		
1	Purchase of goods	**65.36**	110.34
	ACC Limited	**7.54**	6.57
	Holcim Trading FZCO	**57.82**	103.77
2	Sale of goods	**46.94**	136.94
	ACC Concrete Limited	**-**	39.13
	ACC Limited	**23.67**	21.63
	Holcim Trading FZCO	**23.27**	15.68
	Holcim Trading Pte Limited	**-**	60.50
3	Sale of fixed assets	**0.38**	13.98
	ACC Limited	**0.38**	13.96
	Bulk Cement Corporation (India) Limited	**-**	0.02
4	Rendering of services	**-**	0.01
	ACC Limited	**-**	0.01
5	Receiving of services	**69.78**	65.83
	ACC Limited	**4.43**	6.30
	Holcim (Lanka) Limited	**0.11**	0.16
	Holcim Malaysia SDN BHD	**-**	0.03
	Holcim (Vietnam) Limited	**0.11**	0.01
	Holcim Group Support Limited	**32.13**	32.10
	Holcim Philippines Inc.	**-**	0.01
	Holcim Services Asia Limited	**0.11**	-
	Holcim Services (South Asia) Limited	**32.42**	24.93
	Holcim Trading S A	**0.41**	-
	Holcim Trading FZCO	**-**	2.15
	Holcim Trading Pte Limited (₹ 44,372)		-
	PT Holcim Indonesia Tbk.	**0.01**	0.14
	Siam City Cement Public Co. Limited	**0.05**	-
6	Interest received	**0.02**	0.06
	ACC Concrete Limited	**-**	0.06
	ACC Limited	**0.02**	-
7	Other recoveries	**2.96**	2.33
	ACC Limited	**1.71**	0.13
	Holcim (Lanka) Limited	**1.23**	0.28
	Holcim Environment Services, SA	**-**	1.67
	Holcim Group Support Limited	**0.02**	0.25
	Holcim Services (South Asia) Limited (₹ 33,605)		-

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Notes to Financial Statements *(Contd.)*

30. Related party disclosure : *(Contd.)*

Details of related party transactions

Sr. No.	Description	2012 ₹ in crores	2011 ₹ in crores
B)	**Transactions with fellow subsidiaries** *(Contd.)*		
8	Other payments	**0.05**	5.23
	ACC Concrete Limited	**-**	0.01
	ACC Limited (₹ 7,303)		0.27
	Holcim Group Support Limited	**-**	0.13
	Holcim Trading FZCO	**0.05**	4.82
9	Amounts receivable at the year end	**2.59**	22.34
	ACC Concrete Limited	**-**	2.05
	ACC Limited	**0.60**	0.18
	Holcim (Lanka) Limited	**0.19**	0.28
	Holcim Services (South Asia) Limited (₹ 11,236)		-
	Holcim Trading FZCO	**1.80**	3.81
	Holcim Trading Pte Limited	**-**	16.02
10	Amounts payable at the year end	**14.45**	45.10
	ACC Concrete Limited	**-**	0.01
	ACC Limited	**1.81**	1.26
	Holcim (Lanka) Limited	**0.10**	0.14
	Holcim (Vietnam) Limited	**-**	0.01
	Holcim Group Support Limited	**8.11**	11.44
	Holcim Philippines Inc.	**0.01**	0.01
	Holcim Services Asia Limited	**0.11**	-
	Holcim Services (South Asia) Limited	**2.13**	0.99
	Holcim Trading SA	**0.41**	-
	Holcim Trading FZCO	**1.62**	31.11
	PT Holcim Indonesia Tbk.	**0.15**	0.13
C)	**Transactions with step down subsidiary**		
1	Purchase of goods	**-**	-
	Dirk Pozzocrete (MP) Private Limited (previous year - ₹ 17,851))	**-**	
D)	**Transactions with joint ventures**		
1	Purchase of goods	**0.07**	0.02
	Counto Microfine Products Private Limited	**0.07**	0.02
2	Equity contribution	**0.68**	0.27
	Wardha Vaalley Coal Field Private Limited	**0.68**	0.27
3	Guarantees given outstanding at the year end	**3.67**	3.67
	Wardha Vaalley Coal Field Private Limited	**3.67**	3.67
E)	**Transactions with key management personnel**		
1	Remuneration*	**3.69**	3.33
	Mr. Onne van der Weijde	**3.69**	3.33
2	Amounts payable at the year end	**0.80**	0.68
	Mr. Onne van der Weijde	**0.80**	0.68
	* Remuneration excludes shares worth ₹ 0.18 crore (previous year - ₹ 0.13 crore) allotted as non-monetary perquisite by Holcim Limited, Switzerland, the ultimate holding company.		
F)	**Transactions with enterprises over which significant influence exercised by directors and major shareholders**		
1	Receiving of services	**1.11**	1.06
	GACL Finance Limited	**1.11**	1.06
2	Amounts payable at the year end	**-**	0.09
	GACL Finance Limited	**-**	0.09

Notes :

1 Related party relationship is as identified by the Company on the basis of available information.

2 During the previous year, the Company became a subsidiary of Holderind Investments Limited, Mauritius (HIL), Holderfin BV, Netherlands and Holcim Limited, Switzerland (Holcim group companies) and accordingly all other Holcim group companies have been reported as fellow subsidiaries.

3 The Company carries its Corporate Social Responsibility (CSR) activities through Ambuja Cement Foundation (ACF) and run schools at plant locations through Ambuja Vidya Niketan Trust (AVN), charitable organisation registered under Bombay Public Trust Act, 1950. The Company has contributed ₹ 35.00 crores (previous year - ₹ 28.10 crores) to ACF and ₹ 4.80 crores (previous year - ₹ 4.38 crores) to AVN during the current year.

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Notes to Financial Statements *(Contd.)*

31. Gratuity and other post-employment benefit plans :

a) Defined Contribution Plans

The Company has recognised expenses towards the defined contribution plans as under :

	2012 ₹ **in crores**	2011 ₹ in crores
Contribution to superannuation fund	**8.20**	7.29
Contribution to provident fund (Government)	**15.21**	13.71
Others	**0.82**	0.18
	24.23	21.18

b) Defined benefit plans - as per actuarial valuation

The Company has defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation of India.

The Company has also agreed to provide certain additional post-employment healthcare benefits to senior employees. These benefits are unfunded.

The following tables summarise the components of net benefit / expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans :

Particulars	**2012**				2011			
	Gratuity		**Death and disability scheme (shipping staff) non funded**	**Post retirement medical benefits non funded**	Gratuity		Death and disability scheme (shipping staff) non funded	Post retirement medical benefits non funded
	Funded	**Non funded**			Funded	Non funded		
I Expense recognised in the Statement of profit and loss								
1 Current service cost	**6.74**	**0.05**	**0.03**	**0.49**	6.10	0.05	0.03	0.40
2 Interest cost	**6.34**	**0.05**	**0.02**	**0.55**	5.21	0.04	0.02	0.39
3 Employee contributions	**-**	**-**	**-**	**-**	-	-	-	
4 Expected return on plan assets	**(6.67)**	**-**	**-**	**-**	(5.33)	-	-	-
5 Actuarial (gains) / losses	**8.29**	**(0.01)**	**(0.04)**	**1.00**	1.59	(0.05)	(0.06)	0.76
6 Past service cost	**-**	**-**	**-**	**-**	-	-	-	-
7 Settlement cost	**-**	**-**	**-**	**-**	-	-	-	-
8 Losses / (gains) on acquisition / divesture	**-**	**-**	**-**	**-**	-	-	-	-
9 Total expense	**14.70**	**0.09**	**0.01**	**2.04**	7.57	0.04	(0.01)	1.55
II Net Asset / (Liability) recognised in the Balance Sheet								
1 Present value of defined benefit obligation	**95.09**	**0.55**	**0.28**	**8.38**	77.91	0.58	0.27	6.38
2 Fair value of plan assets	**95.09**	**-**	**-**	**-**	79.61	-	-	-
3 Funded status [surplus / (deficit)]	**-**	**(0.55)**	**(0.28)**	**(8.38)**	1.70	(0.58)	(0.27)	(6.38)
4 Net asset / (liability)	*****	**(0.55)**	**(0.28)**	**(8.38)**	1.70	(0.58)	(0.27)	(6.38)
III Change in obligation during the year								
1 Present value of defined benefit obligation at the beginning of the year	**77.91**	**0.58**	**0.27**	**6.38**	65.10	0.64	0.28	4.85
2 Current service cost	**6.74**	**0.05**	**0.03**	**0.49**	6.10	0.05	0.03	0.40
3 Interest cost	**6.34**	**0.05**	**0.02**	**0.55**	5.21	0.04	0.02	0.39
4 Settlement cost	**-**	**-**	**-**	**-**	-	-	-	-
5 Past service cost	**-**	**-**	**-**	**-**	-	-	-	-
6 Employee contributions	**-**	**-**	**-**	**-**	-	-	-	-
7 Liabilities assumed on acquisition / (settled on divesture)	**-**	**-**	**-**	**-**	-	-	-	-
8 Actuarial (gains) / losses	**8.85**	**(0.01)**	**(0.04)**	**1.00**	5.45	(0.05)	(0.06)	0.76
9 Benefits payments	**(4.75)**	**(0.12)**	**-**	**(0.04)**	(3.95)	(0.10)	-	(0.02)
10 Present value of defined benefit obligation at the end of the year	**95.09**	**0.55**	**0.28**	**8.38**	77.91	0.58	0.27	6.38

* Net liability is ₹ 31,941

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31. Gratuity and other post-employment benefit plans : *(Contd.)*

Particulars		2012 Gratuity Funded	2012 Gratuity Non funded	2012 Death and disability scheme (shipping staff) non funded	2012 Post retirement medical benefits non funded	2011 Gratuity Funded	2011 Gratuity Non funded	2011 Death and disability scheme (shipping staff) non funded	2011 Post retirement medical benefits non funded
IV	Change in assets during the year								
1	Plan assets at the beginning of the year..	**79.61**	-	-	-	67.14	-	-	-
2	Assets acquired on amalgamation in previous year...	-	-	-	-	-	-	-	-
3	Settlements	-	-	-	-	-	-	-	-
4	Expected return on plan assets................	**6.67**	-	-	-	5.33	-	-	-
5	Contribution by employer	**13.00**	-	-	-	7.23	-	-	-
6	Actual benefit paid	**(4.75)**	-	-	-	(3.95)	-	-	-
7	Actuarial gains / (losses)	**0.56**	-	-	-	3.86	-	-	-
8	Plan assets at the end of the year...........	**95.09**	-	-	-	79.61	-	-	-
9	Actual return on plan assets.....................	**7.22**	-	-	-	9.19	-	-	-

		As at 31.12.2012		As at 31.12.2011	
V	The major categories of plan assets as a percentage of total plan				
	Qualifying insurance policy	**100%**		100%	
VI	Effect of one percentage point change in the assumed medical inflation rate..	**1% increase**	**1% decrease**	1% increase	1% decrease
	Increase/ (decrease) on aggregate service and interest cost..	**0.17**	**(0.18)**	0.15	(0.15)
	Increase/ (decrease) on present value of defined benefit obligation	**1.12**	**(1.11)**	0.88	(0.87)
VII	Actuarial assumptions :				
1	Discount rate	**8.25% p.a.**		8.60% p.a.	
2	Expected rate of return on plan assets	**8.50% p.a.**		8.00% p.a.	
3	Mortality	**LIC (1994-96) mortality tables**		LIC (1994-96) mortality tables	
4	Turnover rate	**Age 21-44 - 2%, Age 45 -57 - 1%**		Age 21-44 - 2%, Age 45 -57 - 1%	
5	Medical premium inflation...	**12% p.a. in the first 5 years and 8% thereafter**		12% p.a. in the first 5 years and 8% thereafter	
6	Salary escalation	**7% p.a.**		7% p.a.	

VIII Amounts recognised as an expense in respect of defined benefit plans as under :

		2012 ₹ in crores	2011 ₹ in crores
a)	Gratuity *..	**14.68**	7.50
b)	Shipping staff gratuity	**0.09**	0.04
c)	Post retirement medical benefits**	**1.99**	1.54
d)	Death and disability	**0.01**	(0.01)
		16.77	9.07

* Net off ₹ 0.02 crore (previous year - ₹ 0.07 crore) capitalised as pre-operative expenses.

** Net off ₹ 0.05 crore (previous year - ₹ 0.01 crore) capitalised as pre-operative expenses.

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Notes to Financial Statements *(Contd.)*

31. Gratuity and other post-employment benefit plans : *(Contd.)*

c) Basis used to determine expected rate of return on assets :

To develop the expected long-term return on assets assumption, the company considered the current level of returns declared on its insurance policy. The fund manager is weighing the expected return for each asset class to determine the actual return on asset for the portfolio. This resulted in the selection of the 8.50 % assumption for gratuity (funded) plan and 8.52% assumption for provident fund plan managed by a trust set by the company.

d) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

e) The Company expects to contribute ₹ 7.50 crores (previous year - ₹ 6.00 crores) to gratuity fund in the next year.

f) Amount for the current and previous four years are as follows :

		As at 31.12.2012 ₹ in crores	As at 31.12.2011 ₹ in crores	As at 31.12.2010 ₹ in crores	As at 31.12.2009 ₹ in crores	As at 31.12.2008 ₹ in crores
i)	**Gratuity - funded**					
	Defined benefit obligation	**95.09**	77.91	65.10	57.28	63.21
	Plan assets	**95.09**	79.61	67.14	59.85	50.04
	Surplus / (deficit)	*	1.70	2.04	2.57	(13.17)
	Experience adjustments on plan assets	**0.55**	3.86	(0.17)	0.74	0.19
	Experience adjustments on plan liabilities	**6.15**	7.46	3.50	2.08	4.48
ii)	**Gratuity - Non funded**					
	Defined benefit obligation	**0.55**	0.59	0.64	0.56	0.74
	Plan assets	**-**	-	-	-	-
	Surplus / (deficit)	**(0.55)**	(0.59)	(0.64)	(0.56)	(0.74)
	Experience adjustments on plan assets	**-**	-	-	-	-
	Experience adjustments on plan liabilities	**(0.01)**	(0.03)	0.08	(0.14)	(0.03)
iii)	**Death and disability scheme (shipping staff)**					
	Defined benefit obligation	**0.28**	0.27	0.28	0.26	0.33
	Plan assets	**-**	-	-	-	-
	Surplus / (deficit)	**(0.28)**	(0.27)	(0.28)	(0.26)	(0.33)
	Experience adjustments on plan assets	**-**	-	-	-	-
	Experience adjustments on plan liabilities	**(0.04)**	(0.06)	(0.03)	(0.11)	(0.18)
iv)	**Post retirement medical benefit (PRMB)**					
	Defined benefit obligation	**8.38**	6.39	4.85	4.35	2.29
	Plan assets	**-**	-	-	-	-
	Surplus / (deficit)	**(8.38)**	(6.39)	(4.85)	(4.35)	(2.29)
	Experience adjustments on plan assets	**-**	-	-	-	-
	Experience adjustments on plan liabilities	**(0.27)**	0.92	(0.40)	0.62	(0.02)

* ₹ 31,941

g) Amount recognised as an expense in respect of compensated absences is ₹ 18.59 crores (previous year - ₹ 14.02 crores).

h) Provident fund managed by a trust set up by the Company

The Company has contributed ₹ 6.33 crores (previous year - ₹ 6.66 crores) towards provident fund liability. During the year, in accordance with guidance issued by the Actuarial Society of India for measurement of interest shortfall of provident fund liabilities, interest shortfall of ₹ 0.15 crore is charged to Statement of profit and loss. During the previous year, ₹ 0.76 crore was recognised towards deficit of provident fund liabilities.

	As at 31.12.2012 ₹ in crores
Details of the fund and asset position :	
Plan assets at the year end, at fair value	**84.96**
Present value of benefit obligation at year end	**85.11**
Liability recognized in the Balance sheet	**0.15**
Assumption used in determining the present value obligation of the interest rate guarantee under the deterministic approach	
Discount rate	**8.25%**
Interest rate guarantee	**8.50%**
Expected rate of return of assets	**8.52%**

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Notes to Financial Statements *(Contd.)*

32. Employee stock option schemes :

a) The Company has provided various share based payments to its employees. During the year following schemes were in operation :

Particulars	2007 *	2008 #	2009	2010
a) Date of grant	7.6.2007	1.7.2008	19.6.2009	22.4.2010
b) Date of Board approval	11.1.2007	1.7.2008	06.02.2009	4.2.2010
c) Date of Shareholders approval	26.3.2007	22.4.2008	06.04.2009	5.4.2010
d) Number of options granted	7,497,900	7,498,150	7,499,600	9,998,900
e) Method of settlement (cash / equity)	Equity	Equity	Equity	Equity
f) Vesting period from the date of grant	1 year	1 year	1 year	1 year
g) Exercise period from the date of vesting	4 years	4 years	4 years	4 years

* Includes 111,150 options in tranche 2 granted on 1st July 2008 @ ₹ 82/- per option.

Includes 113,850 options in tranche 2 granted on 19th June 2009 @ ₹ 96/- per option.

b) The details of activity under the ESOS are as below :

Particulars	2012		2011	
	Number of shares	**Weighted average exercise price (₹)**	Number of shares	Weighted average exercise price (₹)
a) Outstanding at the beginning of the year	**18,591,025**	**107.36**	24,915,750	106.53
b) Granted during the year	**-**	**-**	-	-
c) Forfeited during the year	**244,400**	**110.88**	1,814,550	108.05
d) Exercised during the year	**7,815,175**	**106.28**	4,510,175	102.50
e) Expired during the year	**366,425**	**113.00**	-	-
f) Outstanding at the end of the year	**10,165,025**	**107.91**	18,591,025	107.36
g) Exercisable at the end of the year	**10,165,025**	**107.91**	18,591,025	107.36
h) Weighted average remaining contractual life (in years)	**1.84**		2.30	

The weighted average share price at the date of exercise for stock options was ₹ 188.56 (previous year - ₹ 148.94)

The weighted average share price for the period over which stock option were exercised was ₹ 177.49 (previous year - ₹ 139.07)

c) The details of exercise price for stock options outstanding at the year end :

Employee stock option schemes	As at 31.12.2012			As at 31.12.2011		
	Number of options outstanding	**Weighted average remaining contractual life of options (in years)**	**Weighted average exercise price (nominal value of ₹ 2 per share)**	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (nominal value of ₹ 2 per share)
2007						
Tranche 1	**-**	**-**	**-**	3,618,550	0.43	113.00
Tranche 2	**16,300**	**0.50**	**82.00**	31,550	1.50	82.00
2008						
Tranche 1	**1,291,750**	**0.50**	**82.00**	2,670,250	1.50	82.00
Tranche 2	**47,350**	**1.46**	**96.00**	71,775	2.47	96.00
2009	**2,750,225**	**1.46**	**96.00**	4,043,550	2.47	96.00
2010	**6,059,400**	**2.30**	**119.00**	8,155,350	3.31	119.00

d) Effect of the employee share based payment plans on the statement of profit and loss and on its financial position :

Particulars	**2012 ₹ in crores**	2011 ₹ in crores
Total Employee Compensation Cost pertaining to share based payment plans (Refer note 51)	**-**	33.70
Compensation cost pertaining to equity settled employee share based payment plan included above (Refer note 51)	**-**	33.70
Liability for employee stock options outstanding as at year end	**23.86**	32.11

e) Expenses on employee stock option scheme exclude cost relating to shares granted to the employees of the Company by Holcim Limited, Switzerland, the ultimate holding company.

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Notes to Financial Statements *(Contd.)*

	2012		2011	
	₹ in crores	Percentage	₹ in crores	Percentage
33. (a) Raw materials consumed :				
(i) Imported	**97.16**	**14.46**	70.34	12.18
(ii) Indigenous	**574.60**	**85.54**	507.04	87.82
Total	**671.76**	**100.00**	577.38	100.00
(b) Spares consumed :				
(i) Imported	**8.30**	**6.44**	15.00	10.39
(ii) Indigenous	**120.55**	**93.56**	129.42	89.61
Total	**128.85**	**100.00**	144.42	100.00

	2012	2011
	₹ in crores	₹ in crores
34. CIF value of imports		
(i) Raw materials	**38.98**	37.19
(ii) Packing material	**2.60**	1.55
(iii) Fuels	**485.96**	490.47
(iv) Spares	**49.79**	57.13
(v) Capital goods	**37.31**	57.31
35. Expenditure in foreign currency (accrual basis) :		
(i) Technical fees (capitalised ₹ 0.65 crore; previous year - ₹ 2.12 crores)	**8.83**	6.99
(ii) Travelling expenses	**4.19**	2.64
(iii) Ship charter hire and port dues	**0.14**	5.64
(iv) Consultancy charges (capitalised ₹ 0.16 crore; previous year - ₹ 1.26 crores)	**2.71**	1.26
(v) Staff training expenses	**10.51**	12.61
(vi) Legal and professional fees	**13.02**	13.78
(vii) Other matters	**4.62**	3.64
36. Remittances in foreign currency :		
On account of dividend to non-resident shareholders		
(i) Final Dividend		
No. of shareholders	**199**	220
No. of equity shares	**621,961,307**	554,514,505
Amount remitted, net of tax (₹ in crores)	**111.95**	76.40
Year to which it pertains	**2011**	2010
(ii) Interim Dividend		
No. of shareholders	**193**	217
No. of equity shares	**621,906,482**	609,960,715
Amount remitted, net of tax (₹ in crores)	**87.07**	85.39
Period to which it pertains	**2012**	2011
37. Earnings in foreign exchange (accrual basis) :		
(i) F.O.B. value of exports	**23.27**	76.57
(ii) Royalty	**0.19**	0.28
(iii) Others	**9.48**	3.33

	As at 31.12.2012	As at 31.12.2011
	Amount in crores	Amount in crores
38. Unhedged foreign currency exposure :		
1. Outstanding trade payables for purchase of raw material and spares		
a) in USD	**0.36**	1.57
b) in EURO	**0.05**	0.01
c) in GBP 4,070 (previous year - Nil)		-
d) in SEK	**0.02**	0.01
e) in JPY	**0.63**	0.65
f) in NOK 34,503 (previous year - Nil)		-

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Notes to Financial Statements *(Contd.)*

	As at 31.12.2012 Amount in crores	As at 31.12.2011 Amount in crores
38. Unhedged foreign currency exposure : *(Contd.)*		
2. Outstanding liabilities for purchase of capital goods		
a) in EURO	**0.01**	-
b) in USD 36,551 (previous year - Nil)		-
c) in JPY	**0.14**	0.72
3. Outstanding trade payables for expenses		
a) in USD (previous year - 42,203)	**0.03**	
b) in EURO	**0.03**	0.04
c) in CHF	**0.13**	0.21
d) in THB	**0.06**	-
4. Outstanding trade receivables		
a) in USD	**0.02**	0.38
b) in EURO 7,376 (previous year - Nil)		-
5 Advance to vendors		
a) in USD (previous year - 9,870)	**0.01**	
b) in EURO	**0.13**	0.08
c) in GBP 187 (previous year - 33,441)		
d) in DKK	**0.07**	-
e) in CHF 5,140 (previous year - Nil)		-
f) in JPY	**-**	0.02

39. Disclosure of trade payables under liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the Micro, Small and Medium Enterprises Development Act, 2006.

	31.12.2012 ₹ in crores	31.12.2011 ₹ in crores
a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each year		
Principal	**0.86**	0.35
Interest (previous year - ₹ 32,551)	**0.01**	
b) The amount of interest paid by the buyer in terms of section 16 along with the amounts of the payment made to the supplier beyond the appointed day during each year.	**1.47**	1.94
c) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified. (₹ 887; previous year - Nil))		-
d) The amount of interest accrued and remaining unpaid at the end of each year.	**0.01**	-
e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 2.	**-**	-

40. During the previous year, the Company became a subsidiary of Holderind Investments Limited, Mauritius and Holcim Limited, Switzerland, the ultimate holding company.

41. Capital work in progress includes (a) machinery in transit ₹ 10.38 crores (previous year- ₹ 11.29 crores) and (b) expenditure during construction for project ₹ 10.97 crores (previous year - ₹ 5.82 crores).

42. Sale of products includes Sales tax / VAT remission and subsidy of ₹ 33.48 crores (previous year - ₹ 47.49 crores).

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Notes to Financial Statements *(Contd.)*

43. The Company has, the following joint ventures and its proportionate share in the assets, liabilities, income and expenditure of the joint venture companies are given below :

	Wardha Vaalley Coal Field Pvt. Ltd.		**Counto Microfine Products Pvt. Ltd.**	
(a) Name of the Joint venture company	**Wardha Vaalley Coal Field Pvt. Ltd.**		**Counto Microfine Products Pvt. Ltd.**	
(b) Country of incorporation	**India**		**India**	
	As on and for the year ended 31.12.2012	As on and for the year ended 31.12.2011	**As on and for the year ended 31.12.2012**	As on and for the period ended 31.12.2011 *
(c) Percentage of holding	**27.27%**	27.27%	**50.00%**	50.00%
	₹ in crores	₹ in crores	**₹ in crores**	₹ in crores
(d) Assets :				
Current assets	**0.15**	0.11	**2.90**	2.32
Non-current assets	**-**	-	**15.64**	16.10
Total	**0.15**	0.11	**18.54**	18.42
(e) Liabilities :				
Current liabilites	**0.01**	-	**4.99**	4.20
Non-current liabilities	**-**	0.01	**3.57**	4.12
Total	**0.01**	0.01	**8.56**	8.32
(f) Income	**0.01**	0.01	**7.10**	2.24
(g) Expenditure	**0.65**	0.22	**7.23**	2.65
(h) Contingent liability	**3.67**	3.67	**1.46**	0.97
(i) Capital and other commitments	**-**	-	**-**	0.05

* For the period 01.08.2011 to 31.12.2011

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	As at 31.12.2012 ₹ in crores	As at 31.12.2011 ₹ in crores
44. Operating lease :		
(a) **Assets taken on lease**		
Lease payments for the year	**0.34**	0.34
Minimum lease payments :		
Not later than one year	**0.34**	0.34
Later than one year but not later than five years	**1.36**	1.36
Later than five years	**2.54**	2.87

(b) **General description of leasing arrangements :**

(i) Leased assets : Water front charges for captive jetty

(ii) Future lease rentals are determined on the basis of agreed terms

(iii) At the expiry of lease terms, the Company has an option to return the asset or extend the term by giving notice in writing

	2012 ₹ in crores	2011 ₹ in crores
45. The Company is eligible for receipt of transport subsidy on inter-state transport of raw materials, clinker and cement in certain units. Accordingly, the Company has accrued an amount of ₹ 30.12 crores (previous year - ₹ 53.14 crores) which has been adjusted against the respective expenses as under :		
(i) Raw materials consumed	**3.31**	1.84
(ii) Freight and handling charges on internal material transfer	**26.34**	51.11
(iii) Freight on finished goods	**0.47**	0.19

46. Excise duty on sales amounting to ₹ 1,264.74 crores (previous year - ₹ 1,073.81 crores) has been reduced from sales in the Statement of profit and loss and excise duty on change in inventories of finished goods and work-in-progress amounting to ₹ 10.96 crores (previous year - ₹ 2.49 crores) has been considered as other expenses.

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47. Disclosure in respect of Loans and advances in the nature of Loans pursuant to Clause 32 of the Listing Agreement :

	As at 31.12.2012		As at 31.12.2011	
	Outstanding balance	**Maximum balance during the year**	Outstanding balance	Maximum balance during the year
	₹ in crores	**₹ in crores**	₹ in crores	₹ in crores
(a) Loans and advances in the nature of loans given to subsidiaries				
Loans to subsidiaries :				
Chemical Limes Mundwa Private Limited	**-**	**1.00**	0.44	0.44
Dirk India Private Limited.....................................	**10.00**	**10.00**	5.00	5.00
Kakinada Cements Limited................................	**-**	**0.02**	-	-
(b) Payments made to employees by way of Loans and advances in the nature of loan where no interest is charged or charged at a rate less than the rate prescribed in Section 372A of the Companies Act, 1956..	**5.10**	**5.25**	3.59	3.75

48. Loss on assets sold, discarded and written off includes preoperative expenses and capital work in progress incurred on certain capital projects written off during the year amounting to ₹ Nil (previous year - ₹ 8.92 crores).

49. During the year, the Company through its fraud risk management mechanism, has detected certain instances of misappropriation in the nature of receiving undue benefit by employees in collusion with vendors / others which has resulted in a loss to the Company of ₹ 0.73 crore in one instance and amount is not determinable in other instances, which the management believes are insignificant to the size and operations of the Company. Investigations relating to these matters have completed and appropriate actions have been taken by the Company.

50. In the previous year, prior period expenses amounting to ₹ 3.81 crores and ₹ 7.78 crores are included in Miscellaneous expenses and Legal and professional fees respectively.

51. During the previous year, the Company had changed (with retrospective effect) its method of measurement of compensation cost relating to employee stock options from intrinsic value method to fair value method for all outstanding unvested employee stock options at the beginning of the year. Accordingly the Company had recognized an additional expense of ₹ 33.12 crores. Amount relating to earlier years of ₹ 24.25 crores had been disclosed as exceptional item in the previous year.

52. "Provision for doubtful debts and advances (net)" includes ₹ 31.84 crores pertaining to the period upto 31st December, 2011, towards claims in respect of certain incentives receivable from the government, where there exists an uncertainty with respect to its full recoverability due to government's contention of non-fulfillment of certain conditions.

53. Figures less than ₹ 50,000/- have been shown at actuals, wherever statutorily required to be disclosed, as the figures have been rounded off to the nearest lakh.

54. Figures of the previous year have been regrouped / rearranged wherever necessary to conform to the current year's presentation.

Signatures to Note 1 to 54

As per our attached report of even date

For S.R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

per Ravi Bansal
Partner
Membership No. 49365

Mumbai, 7th February, 2013

Ajay Kapur
Chief Executive Officer

Sanjeev Churiwala
Chief Financial Officer

Rajiv Gandhi
Company Secretary

For and on behalf of the Board

N.S. Sekhsaria
Chairman

Shailesh Haribhakti
Chairman-Audit Committee

Paul Hugentobler
Vice Chairman

Nasser Munjee
Director

M.L. Bhakta
Director

Rajendra P. Chitale
Director

Bernard Fontana
Director

Omkar Goswami
Director

Haigreve Khaitan
Director

Naresh Chandra
Director

B.L. Taparia
Director

Onne van der Weijde
Managing Director

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Auditors' Report

The Board of Directors
Ambuja Cements Limited

1. We have audited the attached consolidated balance sheet of Ambuja Cements Limited ("the Company") and its subsidiaries and joint ventures ("the Group"), as at 31 December 2012, and also the consolidated statement of profit and loss and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Ambuja Cements Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit total assets of ₹ 70.89 crores, total revenue of ₹ 65.56 crores and cash outflows amounting to ₹ 11.34 crores included in the accompanying consolidated financial statements in respect of certain subsidiaries and joint ventures, whose financial statements and other financial information have been audited by other auditors and whose reports have been furnished to us. Our opinion, in so far as it relates to the affairs of such subsidiaries and joint ventures, is based solely on the report of other auditors.

4. Without qualifying our opinion, we draw attention to note 30(A)(i)(c)(iv) of the consolidated financial statements, relating to the order of the Competition Commission of India (CCI), concerning alleged contravention of the provisions of the Competition Act, 2002 and imposing a penalty of ₹ 1,163.91 crores on the Company. The Company is advised by external legal counsel that it has a good case for the Competition Appellate Tribunal setting aside the order passed by CCI, and accordingly no provision has been considered necessary by the Company in this regard.

5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   a. in the case of the consolidated balance sheet, of the state of affairs of the Group as at 31 December 2012;

   b. in the case of the consolidated statement of profit and loss, of the profit for the year ended on that date; and

   c. in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For S.R. Batliboi & Co.
Firm registration number: 301003E
Chartered Accountants

per Ravi Bansal
Partner
Membership number: 49365

Place: Mumbai
Date: 7 February 2013

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Consolidated Balance Sheet

As at 31st December, 2012

	Note	₹ in crores	As at 31.12.2012 ₹ in crores	As at 31.12.2011 ₹ in crores
EQUITY AND LIABILITIES				
Shareholders' funds				
Share capital	3	308.44		306.87
Reserves and surplus	4	8,488.97		7,757.80
			8,797.41	8,064.67
Minority interest			0.84	2.46
Share application money, pending allotment			-	0.01
Non-current liabilities				
Long-term borrowings	5	39.32		50.73
Deferred tax liabilities (net)	6	548.25		644.51
Other long-term liabilities	7	4.91		3.82
Long-term provisions	8	21.84		18.57
			614.32	717.63
Current liabilities				
Short-term borrowings	9	10.31		7.50
Trade payables	10.1	948.57		961.48
Other current liabilities	10.2	665.14		649.53
Short-term provisions	8	1,420.59		1,173.38
			3,044.61	2,791.89
TOTAL			12,457.18	11,576.66
ASSETS				
Non-current assets				
Fixed assets				
Tangible assets	11	5,903.75		6,223.34
Intangible assets	11	47.02		42.41
Capital work-in-progress (Refer note 37)		523.68		487.52
			6,474.45	6,753.27
Non-current investments	12	37.10		37.10
Deferred tax assets (net) (share in joint venture)		0.76		0.70
Long-term loans and advances	13	641.39		504.30
Other non-current assets	14.2	10.74		2.19
			689.99	544.29
Current assets				
Current invesments	15	1,543.83		768.94
Inventories	16	986.93		927.76
Trade receivables	14.1	220.54		247.76
Cash and bank balances	17	2,260.17		2,073.18
Short-term loans and advances	13	250.91		237.64
Other current assets	14.2	30.36		23.82
			5,292.74	4,279.10
TOTAL			12,457.18	11,576.66
Significant accounting policies	2			

The accompanying notes are integral part of the consolidated financial statements.

As per our attached report of even date

For S.R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

per Ravi Bansal
Partner
Membership No. 49365

Mumbai, 7th February, 2013

For and on behalf of the Board

Ajay Kapur
Chief Executive Officer

Sanjeev Churiwala
Chief Financial Officer

Rajiv Gandhi
Company Secretary

N.S. Sekhsaria
Chairman

Shailesh Haribhakti
Chairman-Audit Committee

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Naresh Chandra
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B.L. Taparia
Director

Onne van der Weijde
Managing Director

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Consolidated Statement of Profit and Loss

For the year ended 31st December, 2012

	Note	₹ in crores	2012 ₹ in crores	2011 ₹ in crores
Revenue				
Sale of products (gross) (Refer note 38)		11,005.96		9,595.24
Less : Excise duty (Refer note 40)		1,266.42		1,074.21
Sale of products (net)			9,739.54	8,521.03
Other operating revenues	18		55.49	49.96
Revenue from operations (net)			9,795.03	8,570.99
Other income	19		348.52	247.76
Total revenue			10,143.55	8,818.75
Expenses				
Purchase of traded goods			0.15	-
Cost of raw materials consumed	20		681.23	580.15
Changes in inventories of finished goods and work-in-progress	21		(200.83)	57.02
Employee benefits expense	22		487.94	435.85
Power and fuel (including share in joint venture ₹ 1.17 crores; previous year - ₹ 0.48 crore)			2,333.96	2,002.94
Freight and forwarding	23		2,299.77	1,938.69
Finance costs	24		78.46	53.44
Depreciation and amortisation expense	25		568.68	446.20
Other expenses	26		1,726.09	1,585.71
			7,975.45	7,100.00
Self consumption of cement (net off excise duty ₹ 0.71 crore; previous year - ₹ 0.61 crore)			(6.71)	(6.74)
Total expenses			7,968.74	7,093.26
Profit before exceptional items and tax			2,174.81	1,725.49
Exceptional items	27		279.13	24.25
Profit before tax			1,895.68	1,701.24
Tax expense :				
For the current year				
Current tax		702.00		482.00
Deferred tax (credit) / charge (including share in joint venture ₹ 0.05 crore; previous year - ₹ 0.30 crore)		(96.32)		59.03
		605.68		541.03
Relating to earlier years				
Current tax		(1.45)		(120.71)
Less : MAT credit		0.37		-
		(1.82)		(120.71)
Deferred tax (credit) / charge		-		53.43
		(1.82)		(67.28)
			603.86	473.75
Profit for the year before Minority Interest			1,291.82	1,227.49
Minority interest			(1.39)	(0.25)
Profit for the year			1,293.21	1,227.74
Earnings per equity share of ₹ 2 each :	28		₹	₹
Basic			8.41	8.02
Diluted			8.38	7.99
Significant accounting policies	2			

The accompanying notes are integral part of the consolidated financial statements.

As per our attached report of even date

For and on behalf of the Board

For S.R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

per Ravi Bansal
Partner
Membership No. 49365

Mumbai, 7th February, 2013

Ajay Kapur
Chief Executive Officer

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Onne van der Weijde
Managing Director

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Consolidated Cash Flow Statement

For the year ended 31st December, 2012

	₹ in crores	2012 ₹ in crores	2011 ₹ in crores
Cash flow from operating activities			
Profit before tax		**1,895.68**	1,701.24
Adjustment for :			
Depreciation / amortisation	**568.68**		446.20
Depreciation / amortisation (exceptional items)	**279.13**		-
Profit on sale of fixed assets	**(1.71)**		(12.24)
Loss on assets sold, discarded and written off	**8.83**		20.89
Capital spares consumed	**0.40**		0.49
Deferred revenue expenditure, written off	**0.27**		0.19
Profit on sale of current investments	**(71.89)**		(59.16)
Finance costs	**78.46**		53.44
Interest income	**(233.44)**		(155.38)
Provision for slow and non moving spares	**(0.15)**		6.67
Discounting income on sales tax loan	**(15.96)**		(15.78)
Employee stock compensation expenses under ESOS	**-**		9.45
Employee stock compensation expenses under ESOS (exceptional items)	**-**		24.25
Sales tax loan liability written back on assessment	**(0.04)**		(0.34)
Unrealised exchange (gain) / loss, net	**(0.22)**		0.30
Provisions no longer required	**(19.78)**		(7.93)
Inventories written off	**18.39**		10.61
Bad debts, sundry debit balances and claims written off	**1.56**		2.36
Provision for doubtful debts and advances (net) (Refer note 47)	**31.73**		1.08
		644.16	324.93
Operating profit before working capital changes		**2,539.94**	2,026.34
Adjustment for :			
Trade receivables, loans and advances and other assets	**(45.07)**		(247.28)
Inventories	**(77.41)**		(40.15)
Trade payables, other liabilities and provisions	**82.41**		265.08
		(40.07)	(22.35)
Cash generated from / (used in) operations		**2,499.87**	2,003.99
Direct taxes paid (net off refunds ₹ 360.27 crores; previous year - ₹ 104.19 crores)		**(639.92)**	(472.21)
Net cash flow from / (used in) operating activities (A)		**1,859.95**	1,531.78
Cash flows from investing activities			
Purchase of fixed assets, including capital work in progress and capital advances	**(698.99)**		(657.54)
Proceeds from sale of fixed assets	**4.81**		32.09
Acquisition / investment in subsidiaries	**(6.41)**		(35.65)
Acquisition / investement in joint ventures	**-**		(10.10)
Proceeds from sale / maturity of current investments	**71.89**		59.16
Unclaimed sale proceeds of the odd lot shares of erstwhile Ambuja Cement Eastern Limited (ACEL) and Ambuja Cements Rajasthan Limited (ACRL)	**(0.01)**		(0.30)
Investments in bank deposits (having original maturity of more than three months)	**(25.53)**		(26.97)
Redemption / maturity of bank deposits (having original maturity of more than three months)	**9.46**		30.05
Interest received	**206.01**		145.11
Interest received on Income tax	**50.62**		19.13
Net cash flow from / (used in) investing activities (B)		**(388.15)**	(445.02)
Carried Forward		**1,471.80**	1,086.76

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Consolidated Cash Flow Statement *(Contd.)*

	₹ in crores	2012 ₹ in crores	2011 ₹ in crores
Brought Forward		**1,471.80**	1,086.76
Cash flows from financing activities			
Proceeds from issuance of equity share capital (including securities premium)	**83.07**		46.23
Infusion of capital by minority interest	**0.25**		-
Proceeds from long-term borrowings	**0.17**		1.04
Repayment of long-term borrowings	**(4.72)**		(1.55)
Proceeds from short-term borrowings	**61.04**		60.20
Repayment of short-term borrowings	**(48.79)**		(56.77)
Interest paid	**(31.05)**		(25.82)
Subsidy received	**0.30**		-
Dividend paid on equity shares	**(489.94)**		(426.81)
Tax on equity dividend paid	**(79.76)**		(69.54)
Net cash flow from / (used in) in financing activities (C)		**(509.43)**	(473.02)
Net increase / (decrease) in cash and cash equivalents (A + B + C)		**962.37**	613.74
Cash and cash equivalents at the end of the year		**3,865.68**	2,903.31
Cash and cash equivalents at the beginning of the year		**2,903.31**	2,289.57
		962.37	613.74
Components of cash and cash equivalents			
Cash on hand		**0.37**	0.29
With banks - in current account		**133.43**	154.76
With banks - in deposit account		**2,065.60**	1,858.61
With banks - fixed deposit held as security		**38.32**	38.81
With banks - earmarked for specific purposes (Refer note 3 below)		**22.38**	20.62
Cash and bank balance as per note 17		**2,260.10**	2,073.09
Share in joint ventures		**0.07**	0.09
		2,260.17	2,073.18
Less : Fixed deposits not considered as cash and cash equivalents		**(38.32)**	(38.81)
Add : Deposits with Housing Development Finance Corporation Limited		**100.00**	100.00
Add : Investment in mutual funds		**1,543.83**	768.94
Cash and cash equivalents at the year end		**3,865.68**	2,903.31

Notes :

1) Figures in brackets represent cash outflow.
2) Direct taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities.
3) These balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities and unclaimed sale proceeds of odd lot shares belonging to the shareholders of erstwhile ACEL and ACRL.

Significant accounting policies - Note 2

The accompanying notes are integral part of the consolidated financial statements.

As per our attached report of even date

For S.R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

per Ravi Bansal
Partner
Membership No. 49365

Mumbai, 7th February, 2013

For and on behalf of the Board

Ajay Kapur
Chief Executive Officer

Sanjeev Churiwala
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Naresh Chandra
Director

B.L. Taparia
Director

Onne van der Weijde
Managing Director

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Notes to Consolidated Financial Statements

1. **(A) Basis of preparation of financial statements :**

   i. The financial statements have been prepared in compliance with all material aspects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956.

   ii. Financial statements are based on historical cost and are prepared on accrual basis.

   iii. Accounting policies have been consistently applied by the Company and are consistent with those used in the previous year and except for the changes in accounting policy stated in 1(B).

   iv. The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual result could differ from these estimates.

(B) Change in accounting policy :

During the year, the Company has retrospectively changed its method of providing depreciation on fixed assets pertaining to its Captive Power Plants from the 'Straight Line' to the 'Written Down Value' at the rates prescribed in Schedule XIV to the Companies Act, 1956. This change results in more appropriate presentation and gives a systematic basis of depreciation charge, representative of the time pattern in which the economic benefits flow to the Company. Accordingly, the Company has recognised additional depreciation charge of ₹ 320.14 crores. Amount relating to earlier years of ₹ 279.13 crores has been disclosed as exceptional item.

Had the Company continued to use the earlier method of depreciation, profit after tax for the year ended 31st December, 2012 would have been higher by ₹ 216.27 crores.

(C) Principles of Consolidations :

i. The Subsidiaries and Joint Ventures (which alongwith Ambuja Cements Limited, the parent, constitute the Group) considered in the preparation of these Consolidated Financial Statements are :

Name of the Company	Country of Incorporation	Holding as on 31.12.2012	Holding as on 31.12.2011	Financial year ending
a. Subsidiary :				
Kakinada Cements Limited	India	100.00%	100.00%	31.12.2012
M.G.T. Cements Private Limited	India	99.99%	99.99%	31.12.2012
Chemical Limes Mundwa Private Limited	India	99.99%	99.99%	31.12.2012
Dang Cement Industries Private Limited	Nepal	91.63%	85.00%	15.07.2012
Dirk India Private Limited	India	80.00%	60.00%	31.03.2012
Dirk Pozzocrete (MP) Private Limited (a 100% subsidiary of Dirk India Private Limited)	India	80.00%	60.00%	31.03.2012
b. Joint Venture :				
Wardha Vaalley Coal Fields Private Limited	India	27.27%	27.27%	31.03.2012
Counto Microfine Products Private Limited	India	50.00%	50.00%	31.03.2012

ii. The consolidated financial statements of the Group have been prepared on the following basis :

   a. The Consolidated Financial Statements of the Group are prepared in accordance with Accounting Standard - 21 "Consolidated Financial Statements", Accounting Standard - 23 "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard - 27 "Financial Reporting of Interests in Joint Ventures" as notified by Companies (Accounting Standards) Rules, 2006 (as amended).

   b. The financial statements of the Company and its Subsidiary Companies have been consolidated on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions and unrealised profits or unrealised losses.

   c. The financial statements of the Company and its Joint Ventures have been consolidated using the proportionate consolidation method.

   d. In cases where the financial year of Subsidiary and Joint Venture Companies is different from that of the Company, the financial statements of the said companies have been drawn up so as to be aligned with the financial year of the Company.

   e. The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's Standalone Financial Statements.

   f. The excess of cost of investment in the Subsidiary and Joint Venture Companies over the Company's portion of equity of the Subsidiary and Joint Venture at the date of investment made is recognised in the financial statements as goodwill. This goodwill is tested for impairment at the close of each financial year. The excess of Company's portion of equity of the Subsidiary and Joint Venture over the cost of the investment therein is treated as Capital Reserve.

   g. The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself. For non-integral foreign operation, the assets and liabilities are translated at the closing rate. Income and expense items of the non-integral foreign operation are translated at exchange rates at the dates of the transactions and all resulting exchange differences are accumulated in a foreign currency translation reserve on consolidation until the disposal of the net investment.

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Notes to Consolidated Financial Statements *(Contd.)*

2. Significant accounting policies :

a) Fixed Assets :

i. Fixed Assets are stated at their original cost of acquisition / installation (net of Modvat / Cenvat credit availed), net of accumulated depreciation, amortisation and impairment losses, except freehold non mining land which is carried at cost less impairment losses.

ii. Capital work in progress is stated at the amount expended up to the date of Balance Sheet.

iii. Machinery spares which can be used only in connection with a particular item of fixed asset and the use of which is irregular, are capitalised at cost net of Modvat / Cenvat.

iv. Expenditure during construction period (including financing cost relating to borrowed funds for construction or acquisition of qualifying fixed assets) incurred on projects under implementation are treated as Pre-operative expenses, pending allocation to the assets, and are included under "Capital Work in Progress". These expenses are apportioned to fixed assets on commencement of commercial production.

b) Depreciation and Amortisation :

i Tangible Assets:

I. Premium on leasehold land is amortised over the period of lease.

II. Depreciation on assets, other than Vehicles and Captive Power Plant related assets consisting of Building, Plant and Machinery and Electric Installation (CPP assets), is provided on the "Straight Line Method" in accordance with the provisions of Section 205(2)(b) of the Companies Act, 1956, and on Vehicles and CPP assets on the "Written Down Value Method" in accordance with the provisions of Section 205(2)(a) of the Companies Act, 1956, in the manner and at the rates specified in Schedule XIV to the Companies Act, 1956, except in respect of certain assets at higher rates consequent to management estimate of useful life. Continuous process plants, are identified based on technical assessment and depreciated at the specified rate as per Schedule XIV to the Companies Act, 1956. Depreciation on additions to fixed assets is provided on a pro-rata basis from the date of acquisition or installation, and in the case of a new project, from the date of commencement of commercial production. Depreciation on assets sold, discarded, demolished or scrapped, is provided upto the date on which the said asset is sold, discarded, demolished or scrapped.

In respect of an asset for which impairment loss is recognised, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

III. Machinery spares, which are capitalized, are depreciated over the useful life of the related fixed asset. The written down value of such spares is charged to the statement of profit and loss, on issue for consumption.

IV. Cost of mineral reserve embedded in the cost of freehold mining land is depreciated in proportion of the actual quantity of minerals extracted to the estimated quantity of extractable mineral reserves.

V. Fixed assets, constructed by the Company, but ownership of which belongs to Government / Local Authorities :

a) Expenditure on Power Lines, ownership of which belongs to the state electricity boards, is amortised over the period as permitted in the Electricity Supply Act, 1948 / 2003 as applicable.

b) Expenditure on Marine Structures, ownership of which belongs to the maritime boards, is amortised over the period of agreement.

c) Expenditure on other fixed assets, is amortised at the rate of depreciation specified in Schedule XIV to the Companies Act, 1956.

ii Intangible Assets :

I. Expenditure to acquire Water Drawing Rights from Government / Local Authorities / other parties is amortised on straight line method over the period of rights to use the facilities ranging from ten to thirty years.

II. Expenditure on computer software is amortised on straight line method over the period of expected benefit not exceeding five years.

c) Impairment of assets :

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the assets. A previously recognised impairment loss is increased or reversed depending on changes in circumstances.

d) Investments :

i. Recognition and Measurement

Investments that are intended to be held for more than a year, from the date of acquisition, are classified as long-term investments and are carried at cost. However, provision for diminution in value of investments is made to recognise a decline, other than temporary, in the value of the investments. Investments other than long-term investments being current investments are valued at cost or fair value whichever is lower, determined on an individual basis.

ii. Presentation and Disclosure

Investments, which are readily realisable and intended to be held for not more than one year from balance sheet date, are classified as current investments. All other investments are classified as non-current investments.

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e) **Inventories :**

Inventories are valued as follows :

i. Coal, fuel, packing materials, raw materials, stores and spares :

Lower of cost less provision for slow and non-moving inventory, if any, and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a moving weighted average basis.

ii. Work-in-progress, finished goods and trial run inventories :

Lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a monthly moving weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

f) **Provisions / Contingencies :**

A provision is recognised for a present obligation as a result of past events if it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate of the amount required to settle the obligation at the Balance Sheet date. A contingent liability is disclosed, unless the possibility of an outflow of resources is remote.

g) **Foreign Currency Conversion :**

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of transaction. Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

h) **Revenue recognition :**

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured

i. Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Accordingly, domestic sales are accounted on dispatch of products to customers and Export sales are accounted on the basis of date of Bill of Lading. Sales are disclosed net of sales tax / VAT, discounts and returns, as applicable. Sales exclude self consumption of cement.

ii. Benefit on account of entitlement to import goods free of duty under the "Duty Entitlement Pass Book under Duty Exemption Scheme" is recognised in the year of export.

iii. Sales include the amount of remission and subsidy due in accordance with the respective incentive schemes.

iv. Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Dividend income is recognised when right to receive the payment is established by the Balance Sheet date.

i) **Mines Reclamation Expenses :**

The Company provides for the expenses to reclaim the quarries used for mining. The total estimate of reclamation expenses is apportioned over the estimate of mineral reserves and a provision is made based on the minerals extracted during the year.

Mines reclamation expenses are incurred on an ongoing basis and until the closure of the mine. The actual expenses may vary based on the nature of reclamation and the estimate of reclamation expenditure.

j) **Employee Benefits :**

i. Defined Contribution Plan

Employee benefits in the form of contribution to Superannuation Fund, Provident Fund managed by Government Authorities, Employees State Insurance Corporation and Labour Welfare Fund are considered as defined contribution plan and the same is charged to the statement of profit and loss for the year when the contributions to the respective funds are due.

ii. Defined Benefit Plan

Retirement benefits in the form of gratuity, shipping staff gratuity, post retirement medical benefit and death and disability benefit are considered as defined benefit obligations and are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet. Actuarial gains / losses, if any, are immediately recognised in the statement of profit and loss.

Employee Benefit, in form of contribution to Provident Fund managed by a Trust set up by the Company, is charged to statement of profit and loss as and when the contribution is due. The deficit, if any, in the accumulated corpus of the Trust at the period end for which the Company is liable, is recognised as a provision in the statement of profit and loss.

iii. Other long-term benefits

Long-term compensated absences are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet. Actuarial gains / losses, if any, are immediately recognised in the statement of profit and loss.

k) **Miscellaneous Expenditure :**

Expenses included under the head 'Miscellaneous Expenditure' are amortised over the period of estimated future benefits not exceeding ten years.

l) **Employee Stock Compensation cost :**

The Company measures compensation cost relating to employee stock option using the fair value method. Discount on Equity Shares as

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compensation expenses under the Employee Stock Option Scheme, is amortised in accordance with Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 issued by Securities and Exchange Board of India (SEBI) and the Guidance Note on Accounting for Employee Share-based payments, issued by the Institute of Chartered Accountants of India.

m) Borrowing Costs and Share Issue Expenses :

i. Borrowing cost attributable to acquisition and construction of assets that necessarily takes substantial period of time are capitalised as part of the cost of such assets up to the date when such assets are ready for intended use.

ii. Expenses on issue of Shares, Debentures and Bonds as well as Premium on Redemption of Debentures are adjusted to Securities Premium Account in accordance with Section 78 of the Companies Act, 1956.

iii. Borrowing cost such as discount or premium and ancillary costs in connection with arrangement of borrowings, are amortised over the period of borrowings.

iv. Other borrowing costs are charged as expense in the year in which these are incurred.

n) Taxation :

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available against which these assets can be realised in future whereas in case of existence of carry forward of losses or unabsorbed depreciation, deferred tax assets are recognised only if there is virtual certainty of realisation backed by convincing evidence.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

o) Leases :

Where the Company is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Where the Company is the lessor

i. Assets given under finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease rentals are apportioned between principal and interest on the Internal rate of return (IRR) method. The principal amount received reduces the net investment in the lease and interest is recognized as revenue. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of profit and loss.

ii. Assets subject to operating leases are included in fixed assets. Lease income is recognised in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of profit and loss.

p) Segment Reporting Policies :

i. Identification of segments

The Company has only one business segment 'Cementitious Materials' as its primary segment. The analysis of geographical segment is based on the areas in which major operating divisions of the Company operate.

ii. Segment Policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

q) Cash and Bank balances :

i. Cash and Bank balances in the Balance Sheet comprise cash at bank including fixed deposits, cheques in hand and cash in hand.

ii. Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

r) Government grants and subsidies :

i. Grants and subsidies from the Government are recognised when there is reasonable certainty that the grant / subsidy will be received and all attaching conditions will be complied with.

ii. When the grant or subsidy relates to an expense item, it is recognised as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

iii. Where the grant or subsidy relates to an asset, its value is deducted from the gross value of the asset concerned in arriving at the carrying amount of the related asset.

iv. Government grants of the nature of Promoters' contribution are credited to capital reserve and treated as a part of Shareholders' Funds.

s) Earnings Per Share :

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

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Notes to Consolidated Financial Statements *(Contd.)*

	As at 31.12.2012 ₹ in crores	As at 31.12.2011 ₹ in crores
3. Share capital		
Authorised		
2,500,000,000 (previous year - 2,500,000,000) Equity shares of ₹ 2 each	**500.00**	500.00
150,000,000 (previous year - 150,000,000) Preference shares of ₹ 10 each	**150.00**	150.00
Total	**650.00**	650.00
Issued		
1,542,510,956 (previous year - 1,534,695,781) Equity shares of ₹ 2 each fully paid-up	**308.51**	306.94
Subscribed and fully paid up		
1,542,184,436 (previous year - 1,534,369,261) Equity shares of ₹ 2 each fully paid-up	**308.44**	306.87

Additional information :

a) Reconciliation of equity shares outstanding

	As at 31.12.2012		As at 31.12.2011	
	No. of shares	**₹ in crores**	No. of shares	₹ in crores
At the beginning of the year	**1,534,369,261**	**306.87**	1,529,859,086	305.97
Add : Issued against Employee Stock Option Schemes (ESOS)	**7,815,175**	**1.57**	4,510,175	0.90
At the end of the year	**1,542,184,436**	**308.44**	1,534,369,261	306.87

b) Rights, preferences and restrictions attached to equity shares

The Company has one class of equity shares having a par value of ₹ 2 per share. Each shareholder is entitled to one vote per equity share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the equity shareholders are eligible to receive remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholding.

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	As at 31.12.2012 ₹ in crores	As at 31.12.2011 ₹ in crores
c) Equity shares held by holding company, ultimate holding company and their subsidiaries		
i) Holderind Investments Limited, Mauritius (HIL), the holding company		
629,638,433 (previous year - 621,032,990) equity shares of ₹ 2 each fully paid-up	**125.93**	124.21
ii) Holcim India Private Limited (HIPL)*		
150,670,120 (previous year - 150,670,120) equity shares of ₹ 2 each fully paid-up	**30.13**	30.13

d) Details of equity shares held by shareholders holding more than 5% shares in the Company

	As at 31.12.2012		As at 31.12.2011	
	No. of shares	**% holding in the class**	No. of shares	% holding in the class
i) Holderind Investments Limited, Mauritius	**629,638,433**	**40.83%**	621,032,990	40.47%
ii) Holcim India Private Limited*	**150,670,120**	**9.77%**	150,670,120	9.82%
iii) Life Insurance Corporation of India	**67,525,555**	**4.38%**	126,103,426	8.22%

As per the records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of shares.

e) Outstanding employee stock options exercisable into 10,165,025 (previous year - 18,591,025) equity shares of ₹ 2 each fully paid up (Refer note 33 (b)).

f) Outstanding tradable warrants and right shares kept in abeyance exercisable into 186,690 (previous year - 186,690) and 139,830 (previous year - 139,830) equity shares of ₹ 2 each fully paid-up respectively.

* As on 31.12.2011, equity shares were held by erstwhile Ambuja Cement India Private Limited, subsidiary of HIL, since amalgamated with HIPL. HIL and HIPL are subsidiaries of Holcim Limited, Switzerland, the ultimate holding company (Refer note 36).

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Notes to Consolidated Financial Statements *(Contd.)*

		As at 31.12.2012	As at 31.12.2011
	₹ in crores	₹ in crores	₹ in crores
4. Reserves and surplus			
Subsidies :			
a) Cash subsidies from Government and other authorities			
Balance as per the last financial statements	**4.83**		4.83
Addition during the year, as capital investment subsidy from State Government	**0.30**		-
	5.13		4.83
b) Grant-in-aid subsidy from DANIDA	**0.12**		0.12
		5.25	4.95
Capital reserve		**132.35**	132.35
Capital redemption reserve		**9.93**	9.93
Securities premium account :			
Balance as per the last financial statements	**1,293.04**		1,244.78
Add : employee stock options exercised during the year	**81.50**		45.33
Add : transferred from employee stock options outstanding	**7.79**		2.93
		1,382.33	1,293.04
Employee stock option outstanding :			
Balance as per the last financial statements	**32.11**		35.04
Less : transferred to securities premium account on exercise of employee stock options	**7.79**		2.93
Less : transferred to general reserve on lapse of employee stock options	**0.46**		-
		23.86	32.11
General reserve :			
Balance as per the last financial statements	**5,686.70**		4,986.70
Add : transferred from surplus balance in the statement of profit and loss	**200.00**		700.00
Add : transferred from employee stock options outstanding for lapsed employee stock options	**0.46**		-
		5,887.16	5,686.70
Surplus in the statement of profit and loss :			
Balance as per the last financial statements	**598.72**		640.44
Profit for the year	**1,293.21**		1,227.74
Less : appropriations			
Provision for dividend distribution tax written back	**-**		0.83
Consequent to change in group's interest	**0.96**		-
Interim equity dividend ₹ 1.40 per equity share (previous year - ₹ 1.40 per equity share)	**(215.52)**		(214.50)
Tax on above equity dividend	**(34.96)**		(34.80)
Proposed final equity dividend ₹ 2.20 per equity share (previous year - ₹ 1.80 per equity share)	**(339.28)**		(276.19)
Tax on proposed equity dividend	**(55.04)**		(44.80)
Transfer to general reserve	**(200.00)**		(700.00)
	(843.84)		(1,269.46)
		1,048.09	598.72
Total		**8,488.97**	7,757.80

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	Non-current		Current	
	As at 31.12.2012 ₹ in crores	As at 31.12.2011 ₹ in crores	**As at 31.12.2012 ₹ in crores**	As at 31.12.2011 ₹ in crores
5. Long-term borrowings				
Term loans				
Secured				
Term loan from a bank (Refer note (a) below)	**1.13**	3.84	**2.55**	3.85
Deferred payment liabilities				
Unsecured				
Sales tax deferment loan under sales tax incentive scheme of State Government (Refer note (b) below)	**34.63**	42.80	**8.18**	6.56
	35.76	46.64	**10.73**	10.41
Share in joint ventures	**3.56**	4.09	**-**	-
Total	**39.32**	50.73	**10.73**	10.41
The above amounts includes				
Secured borrowings	**1.13**	3.84	**2.55**	3.85
Unsecured borrowings	**34.63**	42.80	**8.18**	6.56
Amount disclosed under the head "Other current liabilities" (Refer note 10.2)	**-**	-	**(10.73)**	(10.41)
	35.76	46.64	**-**	-
Share in joint ventures	**3.56**	4.09	**-**	-
Net amount	**39.32**	50.73	**-**	-

Note

a) Term loans from a bank carries floating interest @ 13% p.a. The loan is secured against certain assets of a subsidiary, repayable in monthly installments in varying amounts from ₹ 0.05 crore to ₹ 0.15 crore upto March 2015.

b) Sales tax deferment loan is interest free and payable in 10 annual installments starting from April 2007 of varying amount from ₹ 1.52 crores to ₹ 13.23 crores.

	As at 31.12.2012 ₹ in crores	As at 31.12.2011 ₹ in crores
6. Deferred tax liabilities (net)		
Deferred tax liabilities, on account of :		
Depreciation and amortisation	**656.46**	727.56
	656.46	727.56
Deferred tax assets, on account of :		
Employee benefits	**35.47**	29.58
Provision for slow and non moving spares	**21.93**	21.97
Others	**50.81**	31.50
	108.21	83.05
Net deferred tax liabilities	**548.25**	644.51
7. Other long-term liabilities		
Liabilty for capital expenditure	**4.91**	3.82
Total	**4.91**	3.82

	Long-term		Short-term	
	As at 31.12.2012 ₹ in crores	As at 31.12.2011 ₹ in crores	**As at 31.12.2012 ₹ in crores**	As at 31.12.2011 ₹ in crores
8. Provisions				
Provision for employee benefits				
Provision for gratuity and staff benefit schemes	**10.19**	7.68	**0.15**	0.22
Provision for compensated absences	**-**	-	**67.57**	55.50
	10.19	7.68	**67.72**	55.72
Other provisions				
Provision for wealth tax, net off advances	**-**	-	**0.36**	0.34
Provision for Income tax, net off advances (including interest thereon)	**-**	-	**956.92**	795.91
Provision for mines reclamation expenses*	**11.63**	10.87	**1.26**	0.41
Proposed equity dividend	**-**	-	**339.28**	276.19
Provision for tax on proposed equity dividend	**-**	-	**55.04**	44.80
	11.63	10.87	**1,352.86**	1,117.65
	21.82	18.55	**1,420.58**	1,173.37
Share in joint ventures	**0.02**	0.02	**0.01**	0.01
Total	**21.84**	18.57	**1,420.59**	1,173.38

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8. Provisions *(Contd.)*

	As at 31.12.2012 ₹ in crores	As at 31.12.2011 ₹ in crores
* Movement during the year		
Opening balance	**11.28**	11.54
Add : Provision during the year	**2.87**	0.53
	14.15	12.07
Less : Utilisation during the year	**1.26**	0.41
	12.89	11.66
Less : Reversal during the year	**-**	0.38
Closing balance	**12.89**	11.28

Mines reclamation expenses are incurred on an ongoing basis and until the closure of mines. The actual expenses may vary based on the nature of reclamation and the estimate of reclamation expenses.

	₹ in crores	As at 31.12.2012 ₹ in crores	As at 31.12.2011 ₹ in crores
9. Short-term borrowings			
Cash credit from a bank (secured)*		**7.94**	2.39
Loan from a bank		**0.10**	3.18
		8.04	5.57
Share in joint ventures		**2.27**	1.93
Total		**10.31**	7.50

* Cash credit from bank is secured against hypothecation of certain inventory and receivables of a subsidiary. The cash credit is repayable on demand and carries interest @ 12% p.a.

10. Trade payables and other current liabilities

10.1 Trade payables

Trade payables (Refer note 35 for details of dues to micro and small enterprises)		**947.30**	960.43
Share in joint ventures		**1.27**	1.05
Total		**948.57**	961.48

10.2 Other current liabilities

Current maturities of long-term borrowing		**10.73**	10.41
Interest accrued but not due on borrowings		**0.05**	0.10
Unclaimed dividends*	**19.75**		17.98
Unclaimed sale proceeds of the odd lot shares belonging to the shareholders of erstwhile ACEL and ACRL*	**2.63**		2.64
		22.38	20.62
Liability for capital expenditure		**60.60**	88.67
Security deposits		**243.50**	224.43
Interest payable		**21.99**	13.59
Advance received from customers		**68.03**	65.79
Excise duty payable		**96.94**	96.24
Service tax payable		**5.20**	4.80
TDS payable		**8.74**	7.63
Sales tax payable		**108.88**	96.45
Others		**16.66**	19.58
Share in joint ventures		**1.44**	1.22
Total		**665.14**	649.53
Total		**1,613.71**	1,611.01

* Amount to be transferred to the Investor education and protection fund shall be determined on the respective due dates.

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11. Tangible and intangible assets

₹ in crores

	Tangible assets															Intangible assets			
	Freehold non mining land (a)	Freehold mining land (a)	Leasehold land	Buildings, roads and water works (b)	Marine structures (c)	Plant and machinery (d)	Electrical installations	Railway sidings and locomotives (e)	Railway wagons given on lease (f)	Furniture and fixtures	Office equipment	Ships	Vehicles	Power lines (g)	Total	Water drawing rights	Computer software	Goodwill	Total
Gross carrying value, at cost																			
Opening as on 1st January, 2011	238.92	176.67	88.67	1,164.72	95.58	5,918.11	596.45	65.85	6.43	37.96	96.77	158.80	63.62	37.33	8,745.88	6.18	61.41	3.90	71.49
Additions	60.83	40.63	29.07	162.20	-	507.77	68.76	-	-	2.73	9.18	88.69	12.19	54.79	1,036.84	-	-	36.40	36.40
Deductions / transfers	0.34	-	-	3.97	-	96.96	1.93	-	-	0.19	1.80	-	7.72	-	112.91	-	-	-	-
As at 31st December, 2011	299.41	217.30	117.74	1,322.95	95.58	6,328.92	663.28	65.85	6.43	40.50	104.15	247.49	68.09	92.12	9,669.81	6.18	61.41	40.30	107.89
Additions	**28.49**	**37.74**	**6.83**	**82.35**	**-**	**318.88**	**23.07**	**0.41**	**-**	**2.90**	**10.05**	**0.38**	**23.63**	**4.06**	**538.79**	**-**	**0.23**	**5.85**	**6.08**
Deductions / transfers	**0.12**	**-**	**-**	**0.26**	**-**	**37.40**	**4.10**	**-**	**-**	**0.88**	**4.03**	**-**	**4.17**	**0.04**	**51.00**	**-**	**-**	**-**	**-**
As at 31st December, 2012	**327.78**	**255.04**	**124.57**	**1,405.04**	**95.58**	**6,610.40**	**682.25**	**66.26**	**6.43**	**42.52**	**110.17**	**247.87**	**87.55**	**96.14**	**10,157.60**	**6.18**	**61.64**	**46.15**	**113.97**
Depreciation / amortisation																			
Opening as on 1st January, 2011	-	-	9.70	168.42	52.09	2,477.36	184.85	27.08	4.23	22.85	45.04	73.47	31.21	9.56	3,105.86	5.06	50.21	-	55.27
Charge for the year (h)	-	-	2.13	31.83	3.82	334.05	31.40	2.92	0.30	1.75	8.81	9.93	6.57	2.26	435.77	0.51	9.70	-	10.21
Deductions / transfers	-	-	-	0.91	-	70.58	1.81	-	-	0.17	1.35	-	5.74	-	80.56	-	-	-	-
As at 31st December, 2011	-	-	11.83	199.34	55.91	2,740.83	214.44	30.00	4.53	24.43	52.50	83.40	32.04	11.82	3,461.07	5.57	59.91	-	65.48
Charge for the year (h)	**-**	**32.09**	**2.72**	**75.76**	**3.82**	**612.33**	**69.42**	**2.92**	**0.31**	**2.41**	**15.65**	**11.49**	**9.14**	**7.89**	**845.95**	**0.22**	**1.26**	**-**	**1.48**
Deductions / transfers	**-**	**-**	**-**	**0.08**	**-**	**29.12**	**2.86**	**-**	**-**	**0.81**	**3.29**	**-**	**3.21**	**0.02**	**39.39**	**-**	**-**	**-**	**-**
As at 31st December, 2012	**-**	**32.09**	**14.55**	**275.02**	**59.73**	**3,324.04**	**281.00**	**32.92**	**4.84**	**26.03**	**64.86**	**94.89**	**37.97**	**19.69**	**4,267.63**	**5.79**	**61.17**	**-**	**66.96**
Net carrying value																			
As at 31st December, 2011	299.41	217.30	105.91	1,123.61	39.67	3,588.09	448.84	35.85	1.90	16.07	51.65	164.09	36.05	80.30	6,208.74	0.61	1.50	40.30	42.41
Share in joint ventures	-	-	0.65	5.46	-	8.42	-	-	-	0.03	0.04	-	-	-	14.60	-	-	-	-
Total	299.41	217.30	106.56	1,129.07	39.67	3,596.51	448.84	35.85	1.90	16.10	51.69	164.09	36.05	80.30	6,223.34	0.61	1.50	40.30	42.41
As at 31st December, 2012	**327.78**	**222.95**	**110.02**	**1,130.02**	**35.85**	**3,286.36**	**401.25**	**33.34**	**1.59**	**16.49**	**45.31**	**152.98**	**49.58**	**76.45**	**5,889.97**	**0.39**	**0.47**	**46.15**	**47.01**
Share in joint ventures	**-**	**-**	**0.62**	**5.27**	**-**	**7.82**	**-**	**-**	**-**	**0.03**	**0.04**	**-**	**-**	**-**	**13.78**	**-**	**0.01**	**-**	**0.01**
Total	**327.78**	**222.95**	**110.64**	**1,135.29**	**35.85**	**3,294.18**	**401.25**	**33.34**	**1.59**	**16.52**	**45.35**	**152.98**	**49.58**	**76.45**	**5,903.75**	**0.39**	**0.48**	**46.15**	**47.02**

Notes :

(a) During the year, the Company has reclassified cost of freehold land into mining land and non mining land. Cost of mineral reserve embedded in the cost of freehold mining land has been depreciated in proportion of actual quantity of minerals extracted to the estimated quantity of extractable mineral reserves. Accordingly, depreciation expense for the year ended 31st December, 2012 includes ₹ 27.91 crores in respect of earlier years.

(b) Includes :

i) Premises on ownership basis of ₹ 102.91 crores (previous year - ₹ 93.34 crores) and ₹ 11.17 crores (previous year - ₹ 8.26 crores) being the depreciation thereon upto 31st December, 2012 and cost of shares in Co-operative societies are ₹ 12,630/- (previous year - ₹ 12,630/-).

ii) ₹ 18.93 crores (previous year- ₹ 18.33 crores) being cost of roads constructed by the Company, ownership of which vests with the Government / Local authorities and ₹ 1.90 crores (previous year - ₹ 1.34 crores) being the depreciation thereon upto 31st December, 2012.

(c) Cost incurred by the Company, ownership of which vests with the State Maritime Boards.

(d) Includes ₹ 31.68 crores (previous year - ₹ 31.68 crores) being cost of bulkers and tipppers used as material handling equipment, which are being depreciated under the "written down value method" at the rate applicable to vehicles and ₹ 23.84 crores (previous year - ₹ 20.48 crores) being the depreciation thereon upto 31st December, 2012.

(e) Includes ₹ 10.08 crores (previous year - ₹ 10.08 crores) being cost of railway sidings constructed by the Company, ownership of which vests with the Government / Railway authorities and ₹ 3.31 crores (previous year - ₹ 2.83 crores) being the depreciation thereon upto 31st December, 2012.

(f) Railway wagons given on lease to the railway under "Own your wagon scheme".

(g) Cost incurred by the Company, ownership of which vests with the State Electricity Boards.

(h) Include ₹ 0.44 crore (previous year - ₹ 0.17 crore) capitalised as pre-operative expenses and exceptional item of ₹ 279.13 crores (previous year - Nil)

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Notes to Consolidated Financial Statements *(Contd.)*

		As at 31.12.2012	As at 31.12.2011
	₹ in crores	₹ in crores	₹ in crores
12. Non-current investments			
Unquoted			
Trade investments (valued at cost, unless stated otherwise)			
In fully paid preference shares :			
6.50% redeemable cumulative preference shares of ₹10 each in Counto Microfine Products Private Limited		**7.50**	7.50
Redeemable at par in 3 years from the date of issue, i.e., 19th May, 2010. The tenure can be extended by a further period of two years.			
Other investments (valued at cost, unless stated otherwise)			
Government and trust securities			
National savings certificate ₹ 31,500/- (previous year - ₹ 31,500/-) deposited with Government department as security			
In fully paid equity shares :			
Equity shares of ₹ 10 each in Gujarat Goldcoin Ceramics Limited	**1.00**		1.00
Less: provision for diminution in value of investment	**1.00**		1.00
		-	-
Public sector bonds			
5.13% taxable redeemable bonds of ₹ 1,000,000 each of Himachal Pradesh Infrastructure Development Bonds, redeemable at par on 30th April, 2014 (Refer note 30 (B))		**29.60**	29.60
Total		**37.10**	37.10

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	Book value as on 31.12.2012	Book value as on 31.12.2011
	₹ in crores	₹ in crores
Aggregate amount of unquoted investments	**38.10**	38.10
Less : aggregate provision for diminution in value of investments	**1.00**	1.00
Total	**37.10**	37.10

	Non-current		Current	
	As at 31.12.2012	As at 31.12.2011	**As at 31.12.2012**	As at 31.12.2011
	₹ in crores	₹ in crores	₹ in crores	₹ in crores
13. Loans and advances				
Unsecured, considered good				
Capital advances	**161.24**	88.96	**-**	-
Security deposit	**64.91**	65.19	**-**	-
Deposit given to Housing Development Finance Corporation Limited	**-**	-	**100.00**	100.00
Advances recoverable in cash or kind	**3.18**	2.02	**63.56**	64.08
Other Loans and advances				
Balances with Statutory / Government authorities	**4.54**	3.80	**52.85**	35.69
Incentives receivable under Central / State Government incentive schemes	**253.59**	227.99	**17.68**	21.16
Loan to employees	**3.09**	1.12	**2.08**	2.54
Carried Forward	**490.55**	389.08	**236.17**	223.47

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	Non-current		Current	
	As at 31.12.2012 ₹ in crores	As at 31.12.2011 ₹ in crores	**As at 31.12.2012 ₹ in crores**	As at 31.12.2011 ₹ in crores
13. Loans and advances *(Contd.)*				
Brought Forward	**490.55**	389.08	**236.17**	223.47
Surplus of plan assets over plan liabilities of gratuity	**-**	-	**-**	1.70
Prepaid expenses	**31.37**	29.90	**14.08**	11.80
Income tax advances (net off provision)	**119.42**	85.20	**-**	-
	641.34	504.18	**250.25**	236.97
Unsecured, considered doubtful				
Capital advances	**3.21**	2.96	**-**	-
Incentive receivable under Central / State Government incentive scheme	**31.84**	-	**-**	-
Advances recoverable in cash or kind	**-**	-	**9.26**	9.88
	35.05	2.96	**9.26**	9.88
Provision for doubtful advances	**(35.05)**	(2.96)	**(9.26)**	(9.88)
	641.34	504.18	**250.25**	236.97
Share in joint ventures	**0.05**	0.12	**0.66**	0.67
Total	**641.39**	504.30	**250.91**	237.64
14. Trade receivables and other assets				
14.1 Trade receivables				
Outstanding for a period exceeding six months from the date they are due				
Secured, considered good	**-**	-	**0.33**	0.28
Unsecured, considered good	**-**	-	**1.95**	1.80
Unsecured, considered doubtful	**-**	-	**7.40**	7.14
	-	-	**9.68**	9.22
Provision for doubtful receivables	**-**	-	**(7.40)**	(7.14)
	-	-	**2.28**	2.08
Others				
Secured, considered good	**-**	-	**83.35**	85.49
Unsecured, considered good	**-**	-	**133.61**	159.35
	-	-	**216.96**	244.84
	-	-	**219.24**	246.92
Share in joint ventures	**-**	-	**1.30**	0.84
Total	**-**	-	**220.54**	247.76
14.2 Other assets				
Unsecured, considered good unless stated otherwise				
Non-current bank balance (Refer note 17)	**10.70**	2.15	**-**	-
Interest accrued on fixed deposit	**-**	-	**22.97**	18.20
Interest accrued on investments	**-**	-	**1.02**	1.02
Deferred revenue expenditure to the extent not adjusted written off	**-**	-	**-**	0.27
Scrapped assets awaiting disposal (at net book value or estimated net realisable value whichever is less)	**-**	-	**0.82**	0.84
Others	**-**	-	**5.55**	3.49
	10.70	2.15	**30.36**	23.82
Share in joint ventures	**0.04**	0.04	**-**	-
Total	**10.74**	2.19	**30.36**	23.82

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Notes to Consolidated Financial Statements *(Contd.)*

	As at 31.12.2012 ₹ in crores	As at 31.12.2011 ₹ in crores
15. Current investments		
Current investments (valued at lower of cost and fair value, unless stated otherwise) :		
Unquoted :		
In units of mutual funds fully paid up	**1,543.83**	768.94
Total	**1,543.83**	768.94
16. Inventories		
(At cost, less provision for slow and non moving inventory and net realisable value whichever is lower)		
Raw materials (including in transit - ₹ 2.08 crores; previous year - ₹ 0.99 crore)	**53.84**	45.48
Work-in-progress	**303.04**	161.67
Finished goods	**145.30**	85.77
Stores and spares (including in transit - ₹ 8.51 crores; previous year - ₹ 3.35 crores)	**228.73**	238.55
Coal and fuel (including in transit ₹ 5.11 crores; previous year - ₹ 71.78 crores)	**240.48**	381.11
Packing materials (including in transit - ₹ 0.60 crore; previous year - ₹ Nil)	**14.52**	14.35
	985.91	926.93
Share in joint ventures	**1.02**	0.83
Total	**986.93**	927.76

	Non-current		Current	
	As at 31.12.2012 ₹ in crores	As at 31.12.2011 ₹ in crores	**As at 31.12.2012 ₹ in crores**	As at 31.12.2011 ₹ in crores
17. Cash and bank balances				
Cash and cash equivalents				
Balances with bank :				
In current accounts			**133.43**	154.76
Deposit with original maturity upto 3 months			**2,065.60**	1,858.61
			2,199.03	2,013.37
Cash on hand			**0.37**	0.29
Earmarked balances with banks			**22.38**	20.62
			2,221.78	2,034.28
Other bank balances :				
Fixed deposit with banks *				
Original maturity more than 3 months and upto 12 months	**-**	-	**37.79**	30.65
Original maturity more than 12 months	**10.70**	2.15	**0.53**	8.16
	10.70	2.15	**2,260.10**	2,073.09
Amount disclosed under non-current asset (Refer note 14.2)	**(10.70)**	(2.15)	**-**	-
	-	-	**2,260.10**	2,073.09
Share in joint ventures	**0.04**	0.04	**0.07**	0.09
Amount disclosed under non-current asset (Refer note 14.2)	**(0.04)**	(0.04)	**-**	-
Total	**-**	-	**2,260.17**	2,073.18

* Margin money deposits given as security against bank guarantees and others.

	2012 ₹ in crores	2011 ₹ in crores
18. Other operating revenues		
Sale of power	**2.55**	8.12
Provision no longer required	**19.78**	7.93
Sale of scrap	**17.53**	18.25
Miscellaneous income	**15.58**	15.66
	55.44	49.96
Share in joint ventures	**0.05**	-
Total	**55.49**	49.96

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Notes to Consolidated Financial Statements *(Contd.)*

		2012 ₹ in crores	2011 ₹ in crores
19. Other income			
Interest income on			
Bank deposits	**204.60**		146.57
Long-term investments	**1.52**		1.52
Income tax refund	**23.80**		3.83
Others	**3.67**		3.46
		233.59	155.38
Discounting income on sales tax loan		**15.96**	15.78
Profit on sale of current investments		**71.89**	59.16
Profit on sale of fixed assets		**1.71**	12.24
Insurance claims		**11.66**	5.18
Others		**13.69**	-
		348.50	247.74
Share in joint ventures		**0.02**	0.02
Total		**348.52**	247.76
20. Cost of raw materials consumed (Refer note 45)			
Opening stock		**45.48**	52.46
Add: purchases		**687.97**	572.53
Less: closing stock		**53.84**	45.48
		679.61	579.51
Share in joint ventures		**1.62**	0.64
Total		**681.23**	580.15
Break-up of raw materials consumed			
Fly ash		**305.92**	221.06
Gypsum		**236.20**	200.19
Others		**137.49**	158.26
		679.61	579.51
Share in joint ventures		**1.62**	0.64
Total		**681.23**	580.15
21. Changes in inventories of finished goods and work-in-progress			
Closing stock :			
Work-in-progress - clinker	**283.08**		139.29
Work-in-progress - others	**19.96**		22.38
Finished goods	**145.30**		85.77
		448.34	247.44
Opening stock :			
Work-in-progress - clinker	**139.29**		203.39
Work-in-progress - others	**22.38**		25.86
Finished goods	**85.77**		74.95
		247.44	304.20
Stock on acquisition of subsidiary			
Finished goods		**-**	0.23
		(200.90)	56.99
Share in joint ventures		**0.07**	0.03
Total		**(200.83)**	57.02
22. Employee benefits expense			
Salaries and wages		**411.97**	363.79
Contribution to provident and other fund		**45.71**	35.60
Employee compensation expenses under ESOS (Refer note 33(d), 33(e) and 44)		**-**	9.45
Staff welfare expenses		**29.72**	26.74
		487.40	435.58
Share in joint ventures		**0.54**	0.27
Total		**487.94**	435.85
23. Freight and forwarding expenses (Refer note 45)			
On internal material transfer		**584.35**	480.69
On finished products		**1,715.30**	1,457.91
		2,299.65	1,938.60
Share in joint ventures		**0.12**	0.09
Total		**2,299.77**	1,938.69

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		2012 ₹ in crores	2011 ₹ in crores
24. Finance costs			
Interest :			
On Term loans	**0.07**		0.30
On Income tax (net off interest income on refund ₹ 26.81 crores; previous year - ₹ 15.50 crores)	**39.72**		24.06
Others	**37.74**		28.69
		77.53	53.05
Share in joint ventures		**0.93**	0.39
Total		**78.46**	53.44
25. Depreciation and amortisation expense			
Depreciation on tangible assets (Refer note 11(a))		**566.38**	435.60
Amortisation on intangible assets		**1.48**	10.21
		567.86	445.81
Share in joint ventures		**0.82**	0.39
Total		**568.68**	446.20
26. Other expenses			
Royalty and cess		**142.29**	127.63
Stores and spares consumed		**327.89**	305.67
Provision for slow and non moving spares (net)		**-**	6.67
Packing materials consumed		**342.06**	288.15
Mines reclamation expenses		**2.87**	0.15
Repairs and maintenance :			
Building	**4.09**		7.91
Plant and machinery	**136.68**		126.29
Others	**16.36**		15.45
		157.13	149.65
Excise duty (Refer note 40) :			
Excise duty on captive consumption of clinker	**44.58**		51.98
Excise duty variation on opening / closing stock	**10.96**		2.90
		55.54	54.88
Rent		**28.84**	25.66
Rates and taxes :			
Rates and taxes	**9.14**		4.45
Wealth tax	**0.18**		0.17
Entry tax, additional tax and purchase tax etc.	**8.27**		12.56
		17.59	17.18
Insurance		**26.43**	23.27
Legal and professional fees (Refer note 42)		**77.50**	88.95
Directors' fees and expenses		**0.27**	0.19
Commission to non-executive directors		**1.86**	1.71
Advertisement and publicity		**90.32**	76.04
Commission on sales		**23.27**	22.59
Discount on sales		**45.71**	69.74
Selling and distribution expenses		**16.76**	17.55
Exchange rate difference (net)		**2.59**	2.31
Donations		**40.09**	32.65
Loss on assets sold, discarded and written off (Refer note 41)		**8.83**	20.89
Bad debts, sundry debit balances and claims written off		**1.57**	2.36
Provision for doubtful debts and advances (net) (Refer note 47)		**31.73**	1.08
Deferred revenue expenditure, written off		**0.27**	0.19
Miscellaneous expenses (Refer note 42)		**282.00**	249.67
		1,723.41	1,584.83
Share in joint ventures		**2.68**	0.88
Total		**1,726.09**	1,585.71
27. Exceptional items			
Depreciation on tangible assets (Refer note 1(B))		**279.13**	-
Employee compensation expenses under ESOS (Refer note 33(d), 33(e) and 44)		**-**	24.25
Total		**279.13**	24.25

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	2012 ₹ in crores	2011 ₹ in crores
28. Earnings per equity share (EPS) :		
(i) Profit attributable to equity shareholders for basic and diluted EPS	**1,293.21**	1,227.74
	Nos.	Nos.
(ii) Weighted average number of equity shares for basic EPS	**1,537,900,433**	1,531,526,874
Add : Potential equity shares on exercise of option of ESOS	**4,554,733**	4,718,193
Add : Potential equity shares on exercise of rights and warrants kept in abeyance out of the rights issue in 1992	**278,802**	261,677
Weighted average number of shares for diluted EPS	**1,542,733,968**	1,536,506,744
	₹	₹
(iii) Nominal value of equity share	**2.00**	2.00
(iv) Earnings per equity share :		
Basic	**8.41**	8.02
Diluted	**8.38**	7.99

29. Segment reporting :

The Company has only one business segment 'Cementitious Materials' as primary segment. The secondary segment is geographical, which is given as under :

	2012 ₹ in crores	2011 ₹ in crores
(a) Revenue from operations		
(i) Sale of products (Net off excise duty)		
Within India	**9,659.36**	8,410.53
Outside India	**73.13**	108.27
	9,732.49	8,518.80
Share in joint ventures	**7.05**	2.23
Total	**9,739.54**	8,521.03
(ii) Other operating revenue		
Within India	**55.25**	47.99
Outside India	**0.19**	1.97
	55.44	49.96
Share in joint ventures	**0.05**	-
Total	**55.49**	49.96

(b) All the assets of the Company, except the investments , trade receivables and loans and advances amounting to ₹ 32.22 crores (previous year - ₹ 45.28 crores), including share in joint venture ₹ 0.12 crore (previous year - ₹ 0.01 crore) are within India.

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	As at 31.12.2012 ₹ in crores	As at 31.12.2011 ₹ in crores
30. (A) Contingent liabilities and commitments (to the extent not provided for)		
(I) Contingent liabilities		
(a) Claims against the Company not acknowledged as debts		
(i) Disputed liability relating to labour matters	**18.95**	17.25
(ii) For acquisition of land	**67.03**	64.77
(iii) Others	**34.74**	22.66
(b) Guarantees		
Guarantees given on behalf of a joint venture company	**3.67**	3.67
(c) Other matters for which the company is contingently liable		
(i) Tax matters		
(a) Disputed liability in respect of Income-tax demands (including interest) - matters under appeal	**5.37**	65.49
(b) Disputed Sales-tax demands (including interest and penalty)	**16.24**	16.31
(c) Disputed Excise demands - matters under appeal	**27.81**	23.97
(d) Disputed Customs demands - matters under appeal	**-**	0.52
(e) Disputed liabilities of RTO Tax on mining machinery	**0.80**	0.80
(f) Disputed Land tax demands	**14.38**	16.38
(ii) Disputed liabilities relating to railway freight on cement - matter once decided in favour of the Company by the Honourable High Court of Gujarat was remanded back by the Honourable Supreme Court pursuant to a Special Leave Petition filed by the railways	**7.65**	7.38
(iii) Disputed liabilities relating to coal claims- matters pending in the Honourable High Court :		
(a) Railway freight on coal	**1.60**	1.60
(b) Penal freight on excess weight of coal	**0.24**	0.24
(c) Interest on premium on coal	**3.29**	3.29
(iv) The Competition Commission of India issued an order dated 20th June, 2012, imposing penalty on certain cement manufacturers, including the Company, concerning alleged contravention of the provisions of the Competition Act, 2002, and imposed a penalty of ₹ 1,163.91 crores on the Company. The Company has filed an appeal against the said order with the appropriate authority, which is pending for disposal.	**1,163.91**	-
(v) Others	**-**	5.61
In respect of items above, future cash outflows in respect of contingent liabilities are determinable only on receipt of judgements / decisions pending at various forums / authorities.		
(II) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**680.87**	326.86
Share in joint ventures	**0.10**	0.10
(B) The Honourable High Court of Himachal Pradesh has passed an order in favour of the Company for its claim in respect of power subsidy in the form of Power Tariff Freeze (PTF) and Peak Load Exemption Charges (PLEC). Against this, Government of Himachal Pradesh on 1st May, 2004 has issued 296, 5.13% H P Infrastructure Development Bonds of face value of ₹ 10 lacs each, having a value of ₹ 29.60 crores redeemable after 10 years and balance of ₹ 0.08 crore was refunded to the Company.		
The Government of Himachal Pradesh has filed Special Leave Petition in the Honourable Supreme Court against the decision of the Honourable High Court of Himachal Pradesh. The Company has given an undertaking to refund ₹ 29.68 crores paid by the State Government together with interest thereon upto the date of final judgement in time bound manner, in the event that the matter is decided against the Company.	**29.68**	29.68

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	As at 31.12.2012 ₹ in crores	As at 31.12.2011 ₹ in crores
(C) The Government of Rajasthan has granted 75% exemption from Sales Tax in respect of Rabriyawas unit. However, the eligibility of exemption in excess of 25% has been contested by the State Government in a similar matter of another company and the matter is pending before the Honourable Supreme Court. The Company has given an undertaking to the Government of Rajasthan that the Company will deposit the differential amount of Sales tax, in case the Supreme Court's decision goes against in the matter referred above.	**82.16**	82.16
(D) Writ petition filed against the order of Madhya Pradesh State Mining Department demanding ₹ 4.76 crores excluding interest of ₹ 1.13 crores towards payment of additional royalty on limestone based on the ratio of 1.6 tonnes of limestone to 1 tonne of cement produced at its factory in Chhattisgarh. The matter is now pending before Honourable High Court at Bilaspur.	**85.02**	69.58

31. Related party disclosure :

(A) Names of the related parties where control exists :

Names of the related parties where control exists	**Nature of relationship**
(i) Holcim Limited, Switzerland	Ultimate holding company
(ii) Holderfin BV, Netherlands	Intermediate holding company
(iii) Holderind Investments Limited, Mauritius	Holding company

(B) Others-with whom transactions have taken place during the year

(i) Names of other related parties

Names of other related parties	**Nature of relationship**
(a) ACC Concrete Limited, India	Fellow subsidiary (merged with ACC Limited w.e.f. 01.01.2012)
(b) ACC Limited, India	Fellow subsidiary
(c) Holcim (India) Private Limited, India	Fellow subsidiary
(d) Bulk Cement Corporation (India) Limited, India	Fellow subsidiary
(e) Holcim (Lanka) Limited, Sri Lanka	Fellow subsidiary
(f) Holcim Malaysia SDN BHD, Malaysia	Fellow subsidiary
(g) Holcim (Vietnam) Limited, Vietnam	Fellow subsidiary
(h) Holcim Environment Services SA, Belgium	Fellow subsidiary
(i) Holcim Group Support Limited, Switzerland	Fellow subsidiary
(j) Holcim Philippines Inc. Philippines	Fellow subsidiary
(k) Holcim Services (South Asia) Limited, India	Fellow subsidiary
(l) Holcim Services Asia Limited, Thailand	Fellow subsidiary
(m) Holcim Trading FZCO, UAE	Fellow subsidiary
(n) Holcim Trading Pte Limited, Singapore	Fellow subsidiary
(o) Holcim Trading SA, Spain	Fellow subsidiary
(p) PT Holcim Indonesia Tbk., Indonesia	Fellow subsidiary
(q) Siam City Cement Public Co. Limited, Thailand	Fellow subsidiary

(ii) Key management personnel :

Name of the related party :	**Nature of relationship**
Mr. Onne van der Weijde	Managing Director

(iii) Enterprises over which significant influence exercised by directors

Names of related party	**Name of the director**
GACL Finance Limited, India	Mr. N. S. Sekhsaria

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Notes to Consolidated Financial Statements *(Contd.)*

31. Related party disclosure : *(Contd.)*

Details of related party transactions

Sr. No.	Description	2012 ₹ in crores	2011 ₹ in crores
A)	**Transactions with fellow subsidiaries**		
1	Purchase of goods	**65.36**	110.34
	ACC Limited	**7.54**	6.57
	Holcim Trading FZCO	**57.82**	103.77
2	Sale of goods	**49.59**	136.94
	ACC Concrete Limited	**-**	39.13
	ACC Limited	**24.66**	21.63
	Holcim Trading FZCO	**23.27**	15.68
	Holcim (Lanka) Limited	**0.17**	-
	PT Holcim Indonesia Tbk.	**0.11**	-
	Holcim Trading Pte Limited	**1.38**	60.50
3	Sale of fixed assets	**0.38**	13.98
	ACC Limited	**0.38**	13.96
	Bulk Cement Corporation (India) Limited	**-**	0.02
4	Rendering of services	**-**	0.01
	ACC Limited	**-**	0.01
5	Receiving of services	**69.78**	65.83
	ACC Limited	**4.43**	6.30
	Holcim (Lanka) Limited	**0.11**	0.16
	Holcim Malaysia SDN BHD	**-**	0.03
	Holcim (Vietnam) Limited	**0.11**	0.01
	Holcim Group Support Limited	**32.13**	32.10
	Holcim Philippines Inc.	**-**	0.01
	Holcim Services Asia Limited	**0.11**	-
	Holcim Services (South Asia) Limited	**32.42**	24.93
	Holcim Trading SA	**0.41**	-
	Holcim Trading FZCO	**-**	2.15
	Holcim Trading Pte Limited (₹ 44,372)		-
	PT Holcim Indonesia Tbk.	**0.01**	0.14
	Siam City Cement Public Co. Limited	**0.05**	-
6	Interest received	**0.02**	0.06
	ACC Concrete Limited	**-**	0.06
	ACC Limited	**0.02**	-
7	Other recoveries	**3.00**	2.33
	ACC Limited	**1.71**	0.13
	Holcim (Lanka) Limited	**1.23**	0.28
	Holcim Environment Services, SA	**-**	1.67
	Holcim Group Support Limited	**0.02**	0.25
	Holcim Trading Pte Limited	**0.04**	-
	Holcim Services (South Asia) Limited (₹ 33,605)		-
8	Other payments	**0.05**	5.23
	ACC Concrete Limited	**-**	0.01
	ACC Limited (₹ 7,303)		0.27
	Holcim Group Support Limited	**-**	0.13
	Holcim Trading FZCO	**0.05**	4.82
9	Amounts receivable at the year end	**3.03**	22.34
	ACC Concrete Limited	**-**	2.05
	ACC Limited	**0.79**	0.18
	Holcim (Lanka) Limited	**0.32**	0.28
	Holcim Services (South Asia) Limited (₹ 11,236)		-
	Holcim Trading FZCO	**1.80**	3.81
	Holcim Trading Pte Limited	**0.12**	16.02

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Notes to Consolidated Financial Statements *(Contd.)*

31. Related party disclosure : *(Contd.)*

Details of related party transactions

Sr. No.	Description	2012 ₹ in crores	2011 ₹ in crores
A)	**Transactions with fellow subsidiaries** *(Contd.)*		
10	Amounts payable at the year end	**14.45**	45.10
	ACC Concrete Limited	**-**	0.01
	ACC Limited	**1.81**	1.26
	Holcim (Lanka) Limited	**0.10**	0.14
	Holcim (Vietnam) Limited	**-**	0.01
	Holcim Group Support Limited	**8.11**	11.44
	Holcim Philippines Inc.	**0.01**	0.01
	Holcim Services Asia Limited	**0.11**	-
	Holcim Services (South Asia) Limited	**2.13**	0.99
	Holcim Trading S A	**0.41**	-
	Holcim Trading FZCO	**1.62**	31.11
	PT Holcim Indonesia Tbk.	**0.15**	0.13
B)	**Transactions with joint ventures**		
1	Purchase of goods	**0.04**	0.01
	Counto Microfine Products Private Limited	**0.04**	0.01
2	Guarantees given outstanding	**3.67**	3.67
	Wardha Vaalley Coal Field Private Limited	**3.67**	3.67
C)	**Transactions with key management personnel**		
1	Remuneration*	**3.69**	3.33
	Mr. Onne van der Weijde	**3.69**	3.33
2	Amounts payable at the year end	**0.80**	0.68
	Mr. Onne van der Weijde	**0.80**	0.68
	* Remuneration excludes shares worth ₹ 0.18 crore (previous year ₹ 0.13 crore) allotted as non-monetary perquisite by Holcim Limited, Switzerland, the ultimate holding company.		
D)	**Transactions with Enterprises over which significant influence exercised by Directors and major shareholders**		
1	Receiving of services	**1.11**	1.06
	GACL Finance Limited	**1.11**	1.06
2	Amounts payable at the year end	**-**	0.09
	GACL Finance Limited	**-**	0.09

Notes :

1 Related party relationship is as identified by the Company on the basis of available information.

2 During the previous year, the Company became a subsidiary of Holderind Investments Limited, Mauritius (HIL), Holderfin BV, Netherlands and Holcim Limited, Switzerland (Holcim group companies) and accordingly all other Holcim group companies have been reported as fellow subsidiaries.

3 The Company carries its Corporate Social Responsibility (CSR) activities through Ambuja Cement Foundation (ACF) and runs schools at plant locations through Ambuja Vidya Niketan Trust (AVN), charitable organisation registered under Bombay Public Trust Act, 1950. The Company has contributed ₹ 35.00 crores (previous year - ₹ 28.10 crores) to ACF and ₹ 4.80 crores (previous year - ₹ 4.38 crores) to AVN during the current year.

32. Gratuity and other post-employment benefit plans :

a) Defined Contribution Plans

The Company has recognised expenses towards the defined contribution plans as under :

	2012 ₹ in crores	2011 ₹ in crores
Contribution to superannuation fund	**8.20**	7.29
Contribution to provident fund (Government) #	**15.33**	13.73
Others	**0.82**	0.18
	24.35	21.20

Does not include share in joint ventures - ₹ 0.02 crore (previous year - ₹ 0.01 crore)

b) Defined benefit plans - as per actuarial valuation

The Company has defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation of India.

The Company has also agreed to provide certain additional post-employment healthcare benefits to senior employees. These benefits are unfunded.

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Notes to Consolidated Financial Statements *(Contd.)*

32. Gratuity and other post-employment benefit plans : *(Contd.)*

The following tables summarise the components of net benefit / expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans :

₹ in crores

Particulars	2012 Gratuity Funded	2012 Gratuity Non Funded	2012 Death and Disability Scheme (Shipping Staff) Non Funded	2012 Post Retirement Medical Benefits (PRMB) Non Funded	2011 Gratuity Funded	2011 Gratuity Non Funded	2011 Death and Disability Scheme (Shipping Staff) Non Funded	2011 Post Retirement Medical Benefits (PRMB) Non Funded
I Expense recognised in the Statement of profit and loss								
1 Current service cost	**6.74**	**0.14**	**0.03**	**0.49**	6.10	0.07	0.03	0.40
2 Interest cost	**6.34**	**0.11**	**0.02**	**0.55**	5.21	0.06	0.02	0.39
3 Employee contributions	-	-	-	-	-	-	-	-
4 Expected return on plan assets	**(6.67)**	-	-	-	(5.33)	-	-	-
5 Actuarial (gains) / losses	**8.29**	**0.19**	**(0.04)**	**1.00**	1.59	0.08	(0.06)	0.76
6 Past service cost	-	-	-	-	-	-	-	-
7 Settlement cost	-	-	-	-	-	-	-	-
8 Losses / (gains) on acquisition / divesture	-	-	-	-	-	-	-	-
9 Total expense	**14.70**	**0.44**	**0.01**	**2.04**	7.57	0.21	(0.01)	1.55
II Net Asset / (Liability) recognised in the Balance Sheet								
1 Present value of defined benefit obligation	**95.09**	**1.53**	**0.28**	**8.38**	77.91	1.26	0.27	6.38
2 Fair value of plan assets	**95.09**	-	-	-	79.61	-	-	-
3 Funded status [surplus / (deficit)]	-	**(1.53)**	**(0.28)**	**(8.38)**	1.70	(1.26)	(0.27)	(6.38)
4 Net asset / (liability) #	*	**(1.53)**	**(0.28)**	**(8.38)**	1.70	(1.26)	(0.27)	(6.38)
III Change in obligation during the year								
1 Present value of defined benefit obligation at the beginning of the year	**77.91**	**1.25**	**0.27**	**6.38**	65.10	1.15	0.28	4.85
2 Current service cost	**6.74**	**0.14**	**0.03**	**0.49**	6.10	0.07	0.03	0.40
3 Interest cost	**6.34**	**0.11**	**0.02**	**0.55**	5.21	0.06	0.02	0.39
4 Settlement cost	-	-	-	-	-	-	-	-
5 Past service cost	-	-	-	-	-	-	-	-
6 Employee contributions	-	-	-	-	-	-	-	-
7 Liabilities assumed on acquisition/(settled on divesture)	-	-	-	-	-	-	-	-
8 Actuarial (gains) / losses	**8.85**	**0.19**	**(0.04)**	**1.00**	5.45	0.08	(0.06)	0.76
9 Benefits payments	**(4.75)**	**(0.16)**	-	**(0.04)**	(3.95)	(0.10)	-	(0.02)
10 Present value of defined benefit obligation at the end of the year	**95.09**	**1.53**	**0.28**	**8.38**	77.91	1.26	0.27	6.38
IV Change in assets during the year								
1 Plan assets at the beginning of the year	**79.61**	-	-	-	67.14	-	-	-
2 Assets acquired on amalgamation in previous year	-	-	-	-	-	-	-	-
3 Settlements	-	-	-	-	-	-	-	-
4 Expected return on plan assets	**6.67**	-	-	-	5.33	-	-	-
5 Contribution by employer	**13.00**	-	-	-	7.23	-	-	-
6 Actual benefit paid	**(4.75)**	-	-	-	(3.95)	-	-	-
7 Actuarial gains / (losses)	**0.56**	-	-	-	3.86	-	-	-
8 Plan assets at the end of the year	**95.09**	-	-	-	79.61	-	-	-
9 Actual return on plan assets	**7.22**	-	-	-	9.19	-	-	-

	As at 31.12.2012	As at 31.12.2011
V The major categories of plan assets as a percentage of total plan		
Qualifying insurance policy	**100%**	100%

VI Effect of one percentage point change in the assumed medical inflation rate :	**1 % increase**	**1 % decrease**	1 % increase	1 % decrease
Increase / (decrease) on aggregate service and interest cost	**0.17**	**(0.18)**	0.15	(0.15)
Increase / (decrease) on present value of defined benefit obligation	**1.12**	**(1.11)**	0.88	(0.87)

* Net liability is ₹ 31,941.

Does not include share in joint venture expenses ₹ 0.01 crore and liability ₹ 0.02 crore for the current year.

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32. Gratuity and other post-employment benefit plans : *(Contd.)*

		As at 31.12.2012	As at 31.12.2011
VII	Actuarial assumptions :		
1	Discount rate	**8.25% p.a.**	8.60% p.a.
2	Expected rate of return on plan assets	**8.50% p.a.**	8.00% p.a.
3	Mortality	**LIC (1994-96) mortality tables**	LIC (1994-96) mortality tables
4	Turnover rate	**Age 21-44 - 2%, Age 45 -57 - 1%**	Age 21-44 - 2%, Age 45 -57 - 1%
5	Medical premium inflation	**12% p.a. in the first 5 years and 8% thereafter**	12% p.a. in the first 5 years and 8% thereafter
6	Salary escalation	**7% p.a.**	7% p.a.

		2012 ₹ in crores	2011 ₹ in crores
VIII	Amounts recognised as an expense in respect of defined benefit plans as under :		
a)	Gratuity *	**15.03**	7.65
b)	Shipping staff gratuity	**0.09**	0.05
c)	Post retirement medical benefits**	**1.99**	1.54
d)	Death and disability	**0.01**	(0.01)
		17.12	9.23

* Net off ₹ 0.02 crores (previous year - ₹ 0.08 crore) capitalised as pre-operative expenses.
** Net off ₹ 0.05 crore (previous year - ₹ 0.01 crore) capitalised as pre-operative expenses.

c) Basis used to determine expected rate of return on assets :

To develop the expected long-term return on assets assumption, the company considered the current level of returns declared on its insurance policy. The fund manager is weighing the expected return for each asset class to determine the actual return on asset for the portfolio. This resulted in the selection of the 8.50 % assumption for gratuity (funded) plan and 8.52% assumption for provident fund plan managed by a trust set by the company.

d) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

e) The Company expects to contribute ₹ 7.50 crores (previous year - ₹ 6.00 crores) to gratuity fund in the next year.

(f) Amount for the current and previous four years are as follows :

		As at 31.12.2012 ₹ in crores	As at 31.12.2011 ₹ in crores	As at 31.12.2010 ₹ in crores	As at 31.12.2009 ₹ in crores	As at 31.12.2008 ₹ in crores
i)	**Gratuity - Funded**					
	Defined benefit obligation	**95.09**	77.90	65.10	57.28	63.21
	Plan assets	**95.09**	79.61	67.14	59.85	50.04
	Surplus / (deficit)	*	1.71	2.04	2.57	(13.17)
	Experience adjustments on plan assets	**0.55**	3.86	(0.17)	0.74	0.19
	Experience adjustments on plan liabilities	**6.15**	7.46	3.50	2.08	4.48
ii)	**Gratuity - Non Funded**					
	Defined benefit obligation	**1.53**	1.26	0.64	0.56	0.74
	Plan assets	-	-	-	-	-
	Surplus / (deficit)	**(1.53)**	(1.26)	(0.64)	(0.56)	(0.74)
	Experience adjustments on plan assets	-	-	-	-	-
	Experience adjustments on plan liabilities	**(0.06)**	(0.13)	0.08	(0.14)	(0.03)
iii)	**Death and Disability Scheme (Shipping Staff)**					
	Defined benefit obligation	**0.28**	0.27	0.28	0.26	0.33
	Plan assets	-	-	-	-	-
	Surplus / (deficit)	**(0.28)**	(0.27)	(0.28)	(0.26)	(0.33)
	Experience adjustments on plan assets	-	-	-	-	-
	Experience adjustments on plan liabilities	**(0.04)**	(0.06)	(0.03)	(0.11)	(0.18)
iv)	**Post Retirement Medical Benefit (PRMB)**					
	Defined benefit obligation	**8.38**	6.38	4.85	4.35	2.29
	Plan assets	-	-	-	-	-
	Surplus / (deficit)	**(8.38)**	(6.38)	(4.85)	(4.35)	(2.29)
	Experience adjustments on plan assets	-	-	-	-	-
	Experience adjustments on plan liabilities	**(0.27)**	0.92	(0.40)	0.62	(0.02)

* ₹ 31,941

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32. Gratuity and other post-employment benefit plans : *(Contd.)*

g) Amount recognised as an expense in respect of compensated absences is ₹ 18.59 crores (previous year - ₹ 14.02 crores).

(h) Provident fund managed by a trust set up by the Company

The Company has contributed ₹ 6.33 crores (previous year - ₹ 6.66 crores) towards provident fund liability. During the year, in accordance with guidance issued by Actuarial Society of India for measurement of interest shortfall of provident fund liabilities, interest shortfall of ₹ 0.15 crore is charged to Statement of profit and loss. During the previous year, ₹ 0.76 crore was recognised towards deficit of provident fund liabilities.

	As at 31.12.2012 ₹ in crores
Details of the fund and asset position :	
Plan assets at the year end, at fair value	**84.96**
Present value of benefit obligation at year end	**85.11**
Liability recognised in the Balance sheet	**0.15**
Assumption used in determining the present value obligation of the interest rate guarantee under the deterministic approach	
Discount rate	**8.25%**
Interest rate guarantee	**8.50%**
Expected rate of return of assets	**8.52%**

33. Employee stock option schemes :

a) The Company has provided various share based payments to its employees. During the year the following schemes were in operation :

Particulars	2007*	2008 #	2009	2010
a) Date of grant	07.06.2007	01.07.2008	19.06.2009	22.04.2010
b) Date of Board approval	11.01.2007	01.07.2008	06.02.2009	04.02.2010
c) Date of Shareholders approval	26.03.2007	22.04.2008	06.04.2009	05.04.2010
d) Number of options granted	7,497,900	7,498,150	7,499,600	9,998,900
e) Method of settlement (cash / equity)	Equity	Equity	Equity	Equity
f) Vesting period from the date of grant	1 year	1 year	1 year	1 year
g) Exercise period from the date of vesting	4 years	4 years	4 years	4 years

* Includes 111,150 options in tranche 2 granted on 1st July 2008 @ ₹ 82/- per option.
# Includes 113,850 options in tranche 2 granted on 19th June 2009 @ ₹ 96/- per option.

b) The details of activity under the ESOS are as below :

Particulars	2012 Number of shares	2012 Weighted average exercise price (₹)	2011 Number of shares	2011 Weighted average exercise price (₹)
a) Outstanding at the beginning of the year	**18,591,025**	**107.36**	24,915,750	106.53
b) Granted during the year	**-**	**-**	-	-
c) Forfeited during the year	**244,400**	**110.88**	1,814,550	108.05
d) Exercised during the year	**7,815,175**	**106.28**	4,510,175	102.50
e) Expired during the year	**366,425**	**113.00**	-	-
f) Outstanding at the end of the year	**10,165,025**	**107.91**	18,591,025	107.36
g) Exercisable at the end of the year	**10,165,025**	**107.91**	18,591,025	107.36
h) Weighted average remaining contractual life (in years)	**1.84**		2.30	

The weighted average share price at the date of exercise for stock options was ₹ 188.56 (previous year - ₹ 148.94)

The weighted average share price for the period over which stock option were exercised was ₹ 177.49 (previous year - ₹ 139.07)

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Notes to Consolidated Financial Statements *(Contd.)*

33. Employee stock option schemes : *(Contd.)*

c) The details of exercise price for stock options outstanding at the year end :

Employee stock option schemes	**As at 31.12.2012**			As at 31.12.2011		
	Number of options outstanding	**Weighted average remaining contractual life of options (in years)**	**Weighted average exercise price (nominal value of ₹ 2 per share)**	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (nominal value of ₹ 2 per share)
2007						
Tranche 1	-	-	-	3,618,550	0.43	113.00
Tranche 2	**16,300**	**0.50**	**82.00**	31,550	1.50	82.00
2008						
Tranche 1	**1,291,750**	**0.50**	**82.00**	2,670,250	1.50	82.00
Tranche 2	**47,350**	**1.46**	**96.00**	71,775	2.47	96.00
2009..	**2,750,225**	**1.46**	**96.00**	4,043,550	2.47	96.00
2010..	**6,059,400**	**2.30**	**119.00**	8,155,350	3.31	119.00

d) Effect of the employee share based payment plans on the profit and loss account and on its financial position :

Particulars	**2012** ₹ **in crores**	**2011** ₹ **in crores**
Total Employee Compensation Cost pertaining to share based payment plans (Refer note 44)	-	33.70
Compensation cost pertaining to equity settled employee share based payment plan included above (Refer note 44)	-	33.70
Liability for employee stock options outstanding as at year end............	**23.86**	32.11

e) Expenses on employee stock option scheme exclude cost relating to shares granted to the employees of the Company by Holcim Limited, Switzerland, the ultimate holding company.

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	As at 31.12.2012 Amount in crores	As at 31.12.2011 Amount in crores
34. Unhedged foreign currency exposure :		
1. Outstanding trade payables for purchase of raw material and spares		
a) in USD........................	**0.36**	1.57
b) in EURO	**0.05**	0.01
c) in GBP 4,070 (previous year - Nil)........................		-
d) in SEK........................	**0.02**	0.01
e) in JPY........................	**0.63**	0.65
f) in NOK 34,503 (previous year - Nil)		-
2. Outstanding liabilities for purchase of capital goods		
a) in EURO	**0.01**	-
b) in USD 36,551 (previous year - Nil)		-
c) in JPY........................	**0.14**	0.72
3. Outstanding trade payables for expenses		
a) in USD (previous year - 47,622)........................	**0.03**	
b) in EURO	**0.03**	0.04
c) in CHF	**0.13**	0.21
d) in THB........................	**0.06**	-
4. Outstanding trade receivables		
a) in USD........................	**0.02**	0.39
b) in EURO 7,376 (previous year - Nil)........................	-	-
5 Advance to vendors		
a) in USD (previous year - 9,870)........................	**0.01**	
b) in EURO	**0.13**	0.08
c) in GBP 187 (previous year - 33,441)........................		
d) in DKK........................	**0.07**	-
e) in CHF 5,140 (previous year - Nil)........................		-
f) in JPY........................	-	0.02

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Notes to Consolidated Financial Statements *(Contd.)*

35. Disclosure of trade payables under liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the Micro, Small and Medium Enterprises Development Act, 2006.

		31.12.2012 **₹ in crores**	31.12.2011 ₹ in crores
a)	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each year		
	Principal	**0.86**	0.35
	Interest (previous year - ₹ 32,551)	**0.01**	
b)	The amount of interest paid by the buyer in terms of section 16 along with the amounts of the payment made to the supplier beyond the appointed day during each year.	**1.47**	1.94
c)	The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified. (₹ 887; previous year - Nil)		-
d)	The amount of interest accrued and remaining unpaid at the end of each year.	**0.01**	-
e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 2.	**-**	-

36. During the previous year, the Company became a subsidiary of Holderind Investments Limited, Mauritius and Holcim Limited, Switzerland, the ultimate holding company.

37. Capital Work in Progress includes (a) machinery in transit ₹ 10.38 crores (previous year - ₹ 11.29 crores) and (b) expenditure during construction for project ₹ 11.76 crores (previous year - ₹ 5.82 crores).

38. Sale of products includes Sales tax / VAT remission and subsidy of ₹ 33.48 crores (previous year - ₹ 47.49 crores).

39. Operating Lease :

	As at 2012 **₹ in crores**	As at 2011 ₹ in crores
(a) Assets taken on lease		
Lease payments for the year	**0.34**	0.34
Minimum lease payments :		
Not later than one year	**0.34**	0.34
Later than one year but not later than five years	**1.36**	1.36
Later than five years	**2.54**	2.87

(b) General description of leasing arrangements :

(i) Leased assets : Water front charges for captive jetty

(ii) Future lease rentals are determined on the basis of agreed terms

(iii) At the expiry of lease terms, the Company has an option to return the assetor extend the terms by giving notice in writing

40. Excise duty on sales amounting to ₹ 1,266.42 crores (previous year - ₹ 1,074.21 crores) has been reduced from sales in consolidated Statement profit and loss and excise duty on change in inventories of finished goods and work-in-progress amounting to ₹ 10.96 crores (previous year - ₹ 2.90 crores) has been considered as other expenses.

41. Loss on assets sold, discarded and written off includes preoperative expenses and capital work in progress incurred on certain capital projects written off during the year amounting to ₹ Nil (previous year - ₹ 8.92 crores).

42. In the previous year, prior period expenses amounting to ₹ 3.81 crores and ₹ 7.78 crores were included in Miscellaneous expenses and Legal and professional fees respectively.

43. Information relating to Subsidiaries including subsidiaries of subsidiaries :

(In terms of Government of India, Ministry of Corporate Affairs general Circular No : 2/2011, No : 5/12/2007-CL-III dated 8th February, 2011)

₹ in crores

Name of subsidiary company	**As on & for the year ended**	**Share capital**	**Reserves & surplus**	**Total assets**	**Total liabilities**	**Investments (excluding investments in subsidiary companies)**	**Turnover**	**Profit / (loss) before tax**	**Provision for tax**	**Profit / (loss) after tax**	**Proposed dividend**
M.G.T. Cements (Private) Limited	**31.12.2012**	**0.75**	**0.69**	**0.06**	**₹ 3,921**	**-**	**-**	**(0.02)**	**-**	**(0.02)**	**-**
	31.12.2011	0.75	(0.67)	0.08	**₹ 3,921**	-	-	(0.02)	-	(0.02)	-
Chemical Limes Mundwa (Private) Limited	**31.12.2012**	**5.14**	**(3.71)**	**4.86**	**3.43**	**-**	**-**	**0.40**	**-**	**0.40**	**-**
	31.12.2011	0.14	(3.32)	0.35	3.53	-	-	(0.11)	-	(0.11)	-
Kakinada Cements Limited	**31.12.2012**	**0.10**	**(0.06)**	**0.04**	**₹ 11,236**	**-**	**-**	**(0.01)**	**-**	**(0.01)**	**-**
	31.12.2011	0.05	(0.04)	0.01	**₹ 11,520**	-	-	(₹ 26,268)	-	(₹ 26,268)	-

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Notes to Consolidated Financial Statements *(Contd.)*

43. Information relating to Subsidiaries including subsidiaries of subsidiaries : *(Contd.)*

₹ in crores

Name of subsidiary company	As on & for the year ended	Share capital	Reserves & surplus	Total assets	Total liabilities	Investments (excluding investments in subsidiary companies)	Turnover	Profit / (loss) before tax	Provision for tax	Profit / (loss) after tax	Proposed dividend
Dirk India (Private) Limited (w.e.f. 1st October, 2011)	**31.12.2012**	**2.08**	**2.20**	**39.88**	**35.60**	**-**	**57.10**	**(3.03)**	**(0.86)**	**(2.17)**	**-**
	31.12.2011	2.08	4.37	34.64	28.20	-	14.19	(0.16)	0.04	(0.20)	-
Dirk Pozzocrete (MP) Private Limited * (w.e.f. 1st October, 2011)	**31.12.2012**	**0.01**	**(3.38)**	**5.09**	**8.46**	**-**	**1.85**	**(1.83)**	**-**	**(1.83)**	**-**
	31.12.2011	0.01	(1.56)	3.94	5.49	-	0.50	(0.40)	-	(0.40)	-
Dang Cement Industries (Private) Limited (w.e.f. 6th May, 2011)	**31.12.2012**	**13.84**	**(5.56)**	**8.28**	**₹ 11,875**	**-**	**-**	**0.10**	**-**	**0.10**	**-**
	31.12.2011	9.09	(5.66)	0.01	₹ 43,750	-	-	(0.02)	-	(0.02)	-

* Subsidiary of Dirk India (Private) Limited

44. During the previous year, the Company had changed (with retrospective effect) its method of measurement of compensation cost relating to employee stock options from intrinsic value method to fair value method for all outstanding unvested employee stock options at the beginning of the year. Accordingly, the Company had recognized an additional expense of ₹ 33.12 crores. Amount relating to earlier years of ₹ 24.25 crores had been disclosed as exceptional item.

45. The Company is eligible for receipt of transport subsidy on the inter-state transport of raw materials, clinker and cement in certain units. Accordingly, the Company has accrued an amount of ₹ 30.12 crores (previous year - ₹ 53.14 crores) which has been adjusted against the respective expenses as under :

	2012 ₹ in crores	2011 ₹ in crores
(i) Raw materials consumed	**3.31**	1.84
(ii) Freight and handling charges on internal material transfer	**26.34**	51.11
(iii) Freight on finished goods	**0.47**	0.19

46. During the year, Ministry of Coal has issued an order de-allocating the coal block allocated to the Company along with the other joint venture partners in Wardha Vaalley Coal Fields Private Limited and has ordered invocation of bank guarantee of ₹ 2.56 crores (Company's proportionate share ₹ 0.70 crores). The said order has been challenged by the Company through a writ petition before the Hon'ble High Court of Delhi and a stay has been granted against invocation of bank guarantee.

47. "Provision for doubtful debts and advances (net)" includes ₹ 31.84 crores pertaining to the period upto 31st December, 2011, towards claims in respect of certain incentives receivable from the government, where there exists an uncertainity with respect to its full recoverability due to government's contention of non-fulfillment of certain conditions.

48. Figures less than ₹ 50,000/- have been shown at actual, wherever statutorily required to be disclosed, as the figures have been rounded off to the nearest lakh.

49. These financial statements have been prepared in the format prescribed by the Revised Schedule VI to the Companies Act, 1956. Figures of the previous year have been regrouped / rearranged wherever necessary to conform to the current year's presentation.

Signatures to Note 1 to 49

As per our attached report of even date

For S.R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

per Ravi Bansal
Partner
Membership No. 49365

Mumbai, 7th February, 2013

Ajay Kapur
Chief Executive Officer

Sanjeev Churiwala
Chief Financial Officer

Rajiv Gandhi
Company Secretary

For and on behalf of the Board

N.S. Sekhsaria
Chairman

Shailesh Haribhakti
Chairman-Audit Committee

Paul Hugentobler
Vice Chairman

Nasser Munjee
Director

M.L. Bhakta
Director

Rajendra P. Chitale
Director

Bernard Fontana
Director

Omkar Goswami
Director

Haigreve Khaitan
Director

Naresh Chandra
Director

B.L. Taparia
Director

Onne van der Weijde
Managing Director

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AMBUJA CEMENTS LIMITED

Registered Office: P. O. Ambujanagar, Taluka: Kodinar, District: Junagadh, Gujarat - 362 715

Notice

NOTICE is hereby given that the THIRTIETH ANNUAL GENERAL MEETING of the Members of the Company will be held on Thursday, 4th April, 2013 at 10.00 a.m. at the Registered Office of the Company at P.O. Ambujanagar, Taluka: Kodinar, District: Junagadh, Gujarat - 362 715, to transact the following business:-

Ordinary Business

1. To receive, consider and adopt the Profit & Loss Account for the Corporate Financial Year ended 31st December, 2012 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare a dividend on equity shares.
3. To resolve not to fill the vacancy for the time being in the Board, caused by the retirement of Mr. Mansingh L. Bhakta, who retires by rotation at the conclusion of this meeting and does not seek re-appointment.
4. To resolve not to fill the vacancy for the time being in the Board, caused by the retirement of Mr. Naresh Chandra, who retires by rotation at the conclusion of this meeting and does not seek re-appointment.
5. To appoint a Director in place of Mr. Onne van der Weijde, who retires by rotation and being eligible, offers himself for re-appointment.
6. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:-

   "RESOLVED that pursuant to Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. S.R. Batliboi & Co. (Membership No. 301003E), Chartered Accountants, be and are hereby appointed as Statutory Auditors of the Company, to hold the office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at such remuneration and reimbursement of expenses in connection with the audit as the Board of Directors may fix in this behalf."

Special Business

7. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:-

   "RESOLVED that pursuant to the provisions of Section 260 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Haigreve Khaitan who was appointed as an Additional Director of the Company and who holds office only up to the date of this Annual General Meeting and being eligible, offers himself for appointment and in respect of whom the Company has received a notice in writing from one of the members, pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Mr. Haigreve Khaitan for the office of the Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

8. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:-

   "RESOLVED that pursuant to the provisions of Section 260 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. B.L. Taparia who was appointed as an Additional Director of the Company and who holds office only up to the date of this Annual General Meeting and being eligible, offers himself for appointment and in respect of whom the Company has received a notice in writing from one of the members, pursuant to the provisions of Section 257 of the Companies Act, 1956 signifying his intention to propose the candidature of Mr. B.L. Taparia for the office of the Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

9. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:-

   "RESOLVED that the consent of the Company be and is hereby accorded for the payment of following remuneration and other perquisites in terms of Section 309 (4) (a) and other applicable provisions, if any, of the Companies Act, 1956, to Mr. B. L. Taparia, for a period of 3 (three) years with effect from 1st November, 2012 to 31st October, 2015 in terms of the Agreement dated 5th November, 2012.

   (i) Remuneration:

   ₹ 9,00,000/- (Rupees Nine Lacs) per month, with such increase as may be decided by the Board of Directors (which shall be deemed to include any committee which the Board has or may constitute to exercise its powers including powers conferred by this resolution) from time to time.

   (ii) Reimbursement and Other Facilities:

   Mr. Taparia shall be entitled for the following reimbursements and other facilities:

   (a) Company maintained car;
   (b) Reimbursement of travel, lodging, boarding, entertainment and other expenses incurred for the Company's work;
   (c) Mobile phone with the expenses to be borne by the Company;
   (d) Reimbursement of telephone expenses of his landline or personal mobile phone incurred for the Company's work;
   (e) Mr. Taparia shall be provided with such other facilities as may be thought expedient for the Company's work and as may be approved by the Managing Director or the Chief Executive Officer."

"RESOLVED further that the Board of Directors or a Committee thereof be and is hereby authorized to alter or vary the remuneration to the extent, as may be permitted or authorized in accordance with any provisions under the Companies Act, 1956, for the time being in force, or any statutory modification or re-enactment thereof and/or any rules or regulations there under and to do all such acts, deeds and things as may be

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required in order to give effect to this resolution or as otherwise considered by the Board to be in the best interest of the Company, as it may deem fit."

By Order of the Board of Directors

Rajiv Gandhi
Company Secretary

Place : Mumbai
Date : 7th February, 2013

Notes:

1. Explanatory statement as required under Section 173(2) of the Companies Act, 1956 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE VALID MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
3. Disclosure pursuant to Clause 49 of the Listing Agreement with respect to the Directors seeking appointment and re-appointment at the forthcoming Annual General Meeting is given in the annexure.
4. The Register of Members and the Share Transfer Books of the Company shall remain closed from Thursday, the 21st February, 2013 to Thursday, the 28th February, 2013 (both days inclusive) for payment of final dividend.
5. Final dividend in respect of equity shares held in electronic form will be payable to the beneficial owners of shares as on 20th February, 2013 as per the downloads furnished to the Company by Depositories for this purpose.

   In case of shares held in physical form, dividend will be paid to the shareholders, whose names shall appear on the Register of Members as on 28th February, 2013.
6. Members are requested to furnish their Bank Account details, change of address etc. to the Registrar and Share Transfer Agents in respect of shares held in physical form. If the shares are held in electronic form, then the said particulars should be furnished to their respective Depository Participants (DPs).
7. a) Members holding the shares in electronic mode may please note that their dividend would be paid through National Electronic Clearing System (NECS) or Electronic Clearing Services (ECS) at the available RBI locations. The dividend would be credited to their bank account as per the mandate given by the members to their DPs. In the absence of availability of NECS/ECS facility, the dividend would be paid through warrants and the Bank details as furnished by the respective Depositories to the Company will be printed on their dividend warrants as per the applicable Regulations.

   b) Members are requested to send their Bank Account particulars (viz. Account No., Name & Branch of the Bank and the MICR Code) to their DPs in case the shares are held in electronic mode or to the Registrar and Share Transfer Agents in case the shares are held in physical mode for printing on dividend warrant to ensure that there is no fraudulent encashment of the warrants.
8. **The Ministry has allowed paperless compliances by the companies through electronic mode with an intention to reduce paper consumption and contribute towards a greener environment. It has issued two Circulars in this regard viz circular no.17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011. According to these circulars, Companies can now send various notices/ documents to their shareholders through electronic mode, at the registered email addresses of the shareholders. It includes notice calling Annual General Meeting, Audited financial statements, Directors' Report, Auditors' Report etc.**

   We at Ambuja welcome this move from the Government and see this as a Golden opportunity not only for the Company but also for every shareholder of the Company to contribute its might to the greener environment. This will also help in prompt receiving of communications and reduce paper consumption.

   The Notice of the Thirtieth Annual General Meeting along with the Annual Report for the Corporate Financial Year 2012 is sent to all the Members whose e-mail id is registered with the Company. Such Members who wish to receive the Notice and the Annual Report copy in physical form may follow the instructions given in the e-mail sent to their registered e-mail id.

   Members who have not registered their e-mail address so far are requested to register their e-mail address, by filling in the enclosed registration form giving their e-mail id and send it to us or log onto http://www.shareproservices.com to register. The form can also be downloaded from our website www.ambujacement.com.
9. Members are requested to send all communications relating to shares, bonds and unclaimed dividends to the Registrar and Share Transfer Agents at the following address:

   SHAREPRO SERVICES (INDIA) PVT. LTD.
   (Unit : Ambuja Cements Ltd.)
   13 AB Samhita Warehousing Complex,
   2nd floor, Near Sakinaka Telephone Exchange,
   Andheri – Kurla Road, Andheri (East), Mumbai - 400 072
   Tel. No. (022) 67720300
10. Important:

    Members are informed that the interim dividend amount remaining unclaimed, relating to the year ended 31st December, 2006 shall become due for transfer on 15th May, 2013 and 18th November, 2013 respectively to the Investor Education and Protection Fund established by the Central Government in terms of Section 205C(2)(a) of the Companies Act, 1956 on expiry of 7 years from the date of its declaration.

    Members are requested to note that no claim shall lie against the Company or the aforesaid fund in respect of any amount of dividend remaining unclaimed / unpaid for a period of 7 years from the dates they became first due for payment. Any member, who has not claimed dividend in respect of the financial year ended 31st December, 2006 is requested to approach the Company/the Registrar and Share Transfer Agents of the Company for claiming the same as early as possible but not later than 31st March, 2013 and 30th September, 2013 for interim dividend.

    The Company has already sent reminders to all such members at their registered addresses in this regard.

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Explanatory Statement

(Pursuant to Section 173(2) of the Companies Act, 1956)

The following Explanatory Statement sets out all the material facts relating to the Special Business under Item No.7, 8 and 9 of the accompanying Notice dated 7th February, 2013.

In respect of Item No.7

The Board of Directors has appointed Mr. Haigreve Khaitan as Additional Director on 27th July, 2012.

Mr. Khaitan is a law graduate and is a Partner of reputed law firm, Khaitan & Co. He started his career in litigation and has over the years been involved in many Mergers and Acquisitions and Private Equity as well as Project Finance transactions. He has rich experience in all aspects of Mergers & Acquisitions, Corporate Restructuring, Demergers, Spin-offs, Sale of Assets, Foreign Investments, Joint Ventures and Foreign Collaborations. He advises a range of large Indian conglomerates and multinational clients in various business sectors including infrastructure, power, telecom, automobiles, steel, software and information technology, retail, etc.

Looking at his vast and rich experience in Commercial and Corporate Laws, Mr. Haigreve Khaitan was appointed on the Board as Non-Executive, Independent Director w.e.f. 27th July, 2012.

The other particulars of the Mr. Khaitan are given in the annexure to this Notice.

Pursuant to Section 260 of the Companies Act, 1956 read with Article 130 of the Articles of Association of the Company, Mr. Haigreve Khaitan holds office as Additional Director only up to the date of the forthcoming Annual General Meeting and being eligible, offers himself for appointment as a Director of the Company, liable to retire by rotation.

The Company has received a notice pursuant to Section 257 of the Companies Act, 1956 from one of the members signifying his intention to propose the appointment of Mr. Haigreve Khaitan as a Director.

The Board of Directors recommend passing of the Resolution at item no.7.

Mr. Haigreve Khaitan is concerned or interested in the Resolution at item no. 7 of the Notice. None of the other Directors are, in any way, concerned or interested in passing of the said Resolution.

Notice received under Section 257 of the Companies Act, 1956 is available for inspection by the members at the Registered Office of the Company during the business hours on any working day up to the date of the Annual General Meeting.

In respect of Item No. 8 and 9

The Board of Directors has appointed Mr. B.L Taparia as Additional Director on 1st September, 2012.

Mr. Taparia, aged 62 years is a Commerce and Law graduate and a fellow member of the Institute of Company Secretaries of India. He has more than 40 years of experience in the fields of Legal, Secretarial, Corporate Governance, Finance & Accounts, HR, Health & Safety, Sustainability etc.

He joined the Company in the year 1983 as a Deputy Company Secretary and after working in different positions, he was appointed as the Whole-time Director in the year 1999 where he served till the year 2009.

After stepping down from the Board, Mr. Taparia continued as Executive Committee member (the highest decision making body of the Company) as a Legal Head, Company Secretary and Head of some of the key corporate functions. He superannuated from the Company in July, 2012.

Considering his more than 29 years of association with the Company and his vast knowledge, experience and expertise in handling critical functions, the Board decided to once again induct him as a Director and he has since been appointed as Non-Executive Director on the Board of the Company w.e.f. 1st September, 2012.

Pursuant to Section 260 of the Companies Act, 1956 read with Article 130 of the Articles of Association of the Company, Mr. B.L. Taparia holds office as Additional Director only up to the date of the forthcoming Annual General Meeting and being eligible, offers himself for appointment as a Director of the Company, liable to retire by rotation.

The Company has received a notice pursuant to Section 257 of the Companies Act, 1956 from one of the members signifying his intention to propose the appointment of Mr. B.L. Taparia as a Director.

The Board at the same time also decided to avail his professional services on part time basis and pay monthly remuneration and other perquisites in terms of Section 309 (4) (a) and as set out in the said resolution. A suitable Agreement dated 5th November, 2012 to that effect has also been entered into between the Company and Mr. Taparia.

The payment of monthly remuneration and other perquisites to a Non-Executive Director only requires prior approval of the Central Government under Section 309(4)(a) of the Companies Act, for which necessary application has already been made with the Ministry of Corporate Affairs. At the same time, approval of the Shareholders is also sought as a good Corporate Governance practice.

The other particulars of the Mr. B. L. Taparia are given in the annexure to the Notice.

Notice received under Section 257 of the Companies Act, 1956 and the copy of the Agreement dated 5th November, 2012 entered by the Board of Directors with Mr. B. L. Taparia is available for inspection by the Members at the Registered Office of the company during the business hours on any working day up to the date of the Annual General Meeting.

This Explanatory statement together with the accompanying Notice may also be regarded as an abstract under Section 302 of the Companies Act, 1956.

The Board of Directors recommend passing of the Resolution at item no.8 and 9.

Mr. B.L. Taparia is concerned or interested in the Resolution at item no. 8 and 9 of the Notice. None of the other Directors are, in any way, concerned or interested in the Resolution.

By Order of the Board of Directors

Rajiv Gandhi
Company Secretary

Place : Mumbai
Date : 7th February, 2013

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Annexure to Items 5, 7 & 8 of the Notice

Details of Directors seeking appointment and re-appointment at the forthcoming Annual General Meeting
(in pursuance of Clause 49 of the Listing Agreement)

(As on 31st December, 2012)			
Name of the Director	**Mr. Onne van der Weijde**	**Mr. Haigreve Khaitan**	**Mr. B.L.Taparia**
Date of Birth	09.01.1964	13.07.1970	05.07.1950
Nationality	Dutch	Indian	Indian
Date of appointment on the Board	09.01.2009	27.07.2012	01.09.2012
Qualifications	Bachelors Degree in Economics and Accounting from Rotterdam, Netherlands. MBA from Bradford University, U.K.	LL.B	B.Com, LL.B, F.C.S
Expertise in functional area	Vast and rich experience in finance, Accounting and Taxation	Commercial & Corporate Laws, Tax laws, Mergers and acquisitions, Restructuring, Foreign Collaboration, Licensing	Vast and rich experience in Corporate Laws and other Legal fields, Accounts Finance and Corporate Management.
Number of shares held in the Company	Nil	Nil	3,42,250
Directorships held in other companies	Holcim Services (South Asia) Ltd.	Bajaj Corp Ltd. Ceat Ltd. Firstsource Solutions Ltd. Harrisons Malayalam Ltd. Inox Leisure Ltd. JSW Ispat Steel Ltd. Jindal Steel & Power Ltd. National Engineering Industries Ltd. Sterlite Technologies Ltd. The West Coast Paper Mills Ltd. Torrent Pharmaceuticals Ltd. Xpro India Ltd.	Kakinada Cements Ltd.
Chairman/Member of the Committees of the Boards of Directors of Other Companies in which he is Director	**Chairman** Nil	**Chairman** Nil	**Chairman** Nil
	Member Nil	**Member** *Audit Committee –* Harrisons Malayalam Ltd. Inox Leisure Ltd. JSW Ispat Steel Ltd. Jindal Steel & Power Ltd. Sterlite Technologies Ltd. Torrent Pharmaceuticals Ltd. National Engineering Industries Ltd. *Shareholders and Investors Grievance Committee –* JSW Ispat Steel Ltd. National Engineering Industries Ltd.	**Member** Nil

Directorships / Committee memberships exclude Directorships in private / foreign companies and companies incorporated under Section 25 of the Companies Act, 1956.

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AMBUJA CEMENTS LIMITED

Registered Office: P. O. Ambujanagar, Taluka: Kodinar, District: Junagadh, Gujarat - 362 715

THIRTIETH ANNUAL GENERAL MEETING

ATTENDANCE SLIP

Name of the Shareholder .... Folio No./ Client ID No. ....

No. of Shares ....
(To be filled in by the Member)

I hereby record my presence at the THIRTIETH ANNUAL GENERAL MEETING of the Company being held at the Registered Office of the Company on Thursday, 4th April, 2013 at 10.00 a.m.

....
Member's Signature

Notes:

1. A Member/Proxy attending the meeting must complete the Attendance Slip and hand it over at the entrance.
2. Member intending to appoint a Proxy, should complete the Proxy Form given below and deposit it at the Company's Registered Office not later than 48 hours before the commencement of the Meeting.

....
Proxy's Signature

TEAR HERE

-TEAR HERE

AMBUJA CEMENTS LIMITED

Registered Office: P. O. Ambujanagar, Taluka: Kodinar, District: Junagadh, Gujarat - 362 715

THIRTIETH ANNUAL GENERAL MEETING

PROXY FORM

Folio No./ Client ID No. ....

No. of Shares...
(To be filled in by the Member)

I/We.. being a Member/Members of AMBUJA CEMENTS LIMITED, hereby appoint .... of .... in the district of .... or failing him .... of .... in the district of .... as my/our Proxy to vote for me/us on my/our behalf at the THIRTIETH ANNUAL GENERAL MEETING of the Company to be held on Thursday, 4th April, 2013 at 10.00 a.m. and at any adjournment thereof.

Signed this .... day of 2013

Affix Re. 1
Revenue
Stamp

Signature...

N.B.: The proxy should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting.

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